



Bombardier Capital Inc.

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18004-C+D
JUN 20 1996 4:09 PM
RECEIVED SURFACE TRANSPORTATION BOARD

Direct Dial:
(802) 654-8364

June 27, 1996

Mr. Vernon Williams
Secretary
Surface Transportation Board
12th & Constitution Avenue, N.W.
Washington, DC 20423

Dear Mr. Williams:

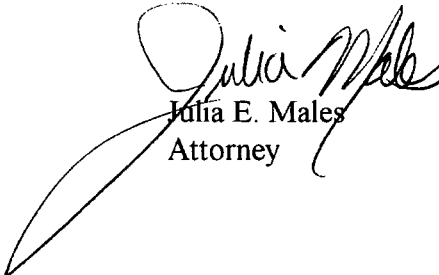
Enclosed for recording with the Surface Transportation Board are one original and one copy of each of a Security Agreement dated as of June 6, 1996 between Diversified Lease Funding, Inc. and Bombardier Capital Inc. and a Notice and Acknowledgment and Consent between Diversified Lease Funding, Inc., Bombardier Capital Inc., The Carbide Graphite Group and PNC Leasing Corp.

Please record these documents as secondary agreements to ICC Recordation #18004. The filing fee of \$42 is enclosed.

Thank you for your assistance.

Very truly yours,

BOMBARDIER CAPITAL INC.


Julia E. Males
Attorney

JEM:mvr
Enclosures

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Bombardier Capital Group

The Time Sensitive People

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

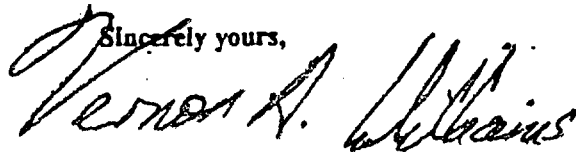
6/28/96

Julia E. Males-Attorney
Bombardier Capital, Inc.
P. O. Box 991
1600 Mountain View Drive
Colchester, VT., 05446

Dear Madam:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6/28/96 at 4:10PM, and assigned recordation number(s). 18004-C and 18004-D.

Sincerely yours,

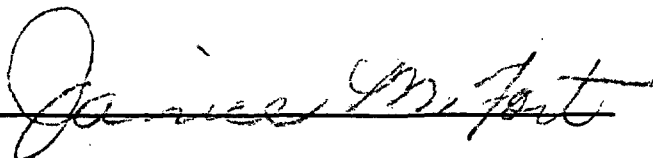


Vernon A. Williams
Secretary

Enclosure(s)

\$ 42.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



18004-C
JUN 20 1996 4:10 PM
INTERSTATE COMMERCIAL BANK

SECURITY AGREEMENT

THIS AGREEMENT, dated as of June 6, 1996 (the "Agreement") is entered into by and between DIVERSIFIED LEASE FUNDING, INC., a Colorado corporation, with its principal office located at 6795 East Tennessee Avenue, Suite 270, Denver, Colorado 80224 ("Debtor"), and BOMBARDIER CAPITAL INC., a Massachusetts corporation, with its principal office located at 1600 Mountain View Drive, Colchester, Vermont 05446 ("Secured Party"). In consideration of the mutual agreements contained herein, the parties hereto agree as follows:

1. As security for the punctual payment and performance of the indebtedness of the Debtor to Secured Party under a Promissory Note in the original principal amount of \$260,233.11 (the "Loan") dated as of June 6, 1996 (the "Note") and any and all indebtedness, liabilities and obligations whatsoever and of whatever nature owed by Debtor to Secured Party, whether direct or indirect, absolute or contingent, primary or secondary, due or to become due and whether now existing or hereafter arising and howsoever evidenced or acquired, whether joint or several, (all of which may be hereinafter collectively referred to as the "Obligations"), Debtor hereby assigns and grants to Secured Party a security interest in Debtor's right, title and interest in the following property (the "Collateral") consisting of:

- (a) A Lease Agreement Number 1474 dated August 10, 1992 and Rider 1 thereto (the "Lease") between Capital Services Group, Inc. ("CSG"), as Lessor, and The Carbide/Graphite Group, Inc., a Delaware corporation, as Lessee (the "Lessee"), which was amended and assigned by CSG to Debtor pursuant to the Consent to Assignment dated as of November 20, 1992 (the "Consent and Amendment"; the Lease, as amended by the Consent and Amendment collectively referred to as the "Lease Agreement"), together with all riders, attachments, amendments and supplements thereto, a complete, true and correct copy of which is marked Exhibit A, attached hereto, and hereby incorporated herein by reference, for the leasing of the personal property described below in paragraph (b);
- (b) The personal property described below which is owned by Debtor creating the indebtedness evidenced by the Note and leased pursuant to the Lease Agreement, viz:

Railcars, car numbers DLFx 301 through 316 inclusive, together with all attachments, improvements, equipment and parts now or in the future incorporated into or attached to the Railcars (the "Equipment"); and
- (c) Debtor hereby assigns to Secured Party all of the rental payments and other sums and amounts now due or to become due under the Lease Agreement. All such rent received by Secured Party shall be applied to the payment of the Obligations. When payments are received with respect to more than one Obligation, they shall be applied in accordance with the written instructions of Debtor (if any). Absent any such instructions, any payments received with respect to one or more Obligations shall be applied as follows: first, to expenses of collection (including reasonable attorneys

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fees) and preservation of the Collateral (if any); second, to late charges outstanding with respect to the oldest Obligation first until late charges on all Obligations are paid in full; third, to accrued and unpaid interest outstanding with respect to the oldest Obligation first until interest charges on all Obligations are paid in full; and fourth, to principal outstanding under the oldest Obligation first and continuing until all the payments so received are exhausted.

The term "Collateral" in this Agreement shall mean and include all present or future additions, attachments or accessories to the foregoing property and replacements thereof, all tools and manuals for such property, and the products and proceeds thereof, including proceeds in the form of goods, accounts, chattel paper, documents, instruments, and general intangibles, insurance proceeds payable because of loss or damage to the Collateral, and all returned or repossessed goods arising from or relating to any of the property described herein, whether now existing or in the future acquired or created.

2. Debtor represents and warrants as follows:

(a) Ownership: No Encumbrances. Except for the security interests granted Secured Party and the Lease Agreement, the Debtor is and will be the owner of all Collateral free and clear from all liens, security interests, adverse claims and encumbrances of any and every nature. Debtor did not purchase the said property subject to a purchase money security interest or conditional sales or other title retention agreement.

(b) Filings. Upon appropriate filings with the Surface Transportation Board (the "STB"), the security interest contemplated hereby will at all times constitute a valid, perfected and enforceable first priority security interest in favor of Secured Party, subject to no other security interest, mortgage, lien or encumbrance and Debtor shall provide Secured Party with an opinion of counsel in form satisfactory to Secured Party. During the term of this Agreement, there will be no financing statement or similar filing on file in any public office covering any part of the Collateral, and Debtor will not execute one, except the financing statements filed or to be filed in favor of Secured Party.

(c) Accuracy of Information. All information furnished to Secured Party concerning Debtor, the Collateral and the Obligations, or otherwise for the purpose of obtaining or maintaining credit, is or will be at the time the same is furnished, accurate and complete in all material respects.

(d) Addresses. The address of Debtor designated at the beginning of this Agreement is Debtor's Chief Executive Office. Debtor agrees not to change such address without advance written notice to Secured Party.

(e) Corporate Authority. Debtor has the power and authority to, and does hereby convey to Secured Party, a valid security interest in the Collateral as security for the indebtedness.

(f) Enforceability. The Note and this Agreement are valid and are enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforceability generally of the rights of creditors.

(g) No Setoff. There are no setoffs, counterclaims or defenses on the part of the Lessee with respect to the obligation of the Lessee to make rent payments.

(h) Lease Agreement. Debtor will not amend or modify any provision of the Lease Agreement without the prior written consent of Secured Party.

(i) Qualification. Debtor is duly registered to do business in each jurisdiction necessary or advisable wherein such registration is required in order to allow Debtor or its assigns to enforce the provisions of the Lease Agreement.

3. Debtor covenants and agrees as follows:

- (a) Operation of the Collateral. Debtor agrees to use the Collateral solely in the conduct of its own business, in a careful and proper manner, and in conformity with all applicable permits or licenses. Debtor shall comply in all respects with all applicable statutes, laws, ordinances, and regulations. Debtor shall not use the Collateral or permit the Collateral to be used in any unlawful manner or for any unlawful purposes, or in any manner or for any purpose that would expose the Collateral to unusual risk, or to penalty, forfeiture or capture, or that would render inoperative any insurance covering or issued in connection with the Collateral.
- (b) Condition. Debtor shall maintain, service and repair the Collateral at Debtor's own cost and expense so as to keep it in good operating condition. Debtor shall replace within a reasonable time all parts that may be worn out, lost, destroyed or otherwise rendered unfit for use, with appropriate replacement parts. Debtor shall obtain and maintain in good standing, at all times all applicable permits, licenses, registrations and certificates respecting the Collateral and keep the Collateral in compliance with all applicable laws, regulations and rules (including, but not limited to, those set forth in Section 3(j) below, and available, together with the records relative thereto, for inspection by Secured Party. Debtor shall not affix any of the Collateral to any real property without the prior written consent of Secured Party. Debtor agrees that the Collateral is and shall at all times remain personal property.
- (c) Assessments. Debtor shall promptly pay when due all taxes, assessments, licenses, fees, registration fees, and governmental charges levied or assessed against Debtor or with respect to the Collateral or any part thereof.
- (d) No Transfer. Debtor hereby agrees that, so long as any Obligations remain outstanding and unpaid, Debtor shall retain possession of the Collateral and not sell, transfer, exchange, assign, loan, deliver, or lease without the prior written permission of Secured Party, mortgage, encumber, or otherwise dispose of the Collateral, or any part thereof or interest therein. Secured Party consents to Debtor entering into the Lease Agreement provided that Lessee executes the Notice and Acknowledgment, and Consent in the form of Exhibit D hereto. Secured Party further acknowledges and consents to the use of the Collateral upon the railroad system of North America.

pursuant to the rules and regulations of the Interstate Commerce Commission and the Association of American Railroads.

- (e) Further Assurances. Debtor shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as Secured Party may require in order to vest in and assure the Secured Party its rights hereunder or in any of the Collateral, including without limitation, execution and delivery of financing statements which Secured Party deems appropriate to perfect and continue the security interests hereby granted. Debtor hereby irrevocably appoints Secured Party and each of its employees as its true and lawful attorney with full power and authority for Debtor and in the Debtor's name to sign and file financing statements covering the Collateral and any and all documents necessary to protect and record Secured Party's interest in the Collateral under any federal statute. Secured Party may file or record this Agreement, or a photographic copy hereof, as a financing statement.
- (f) Financials. Debtor shall promptly notify Secured Party in writing of any change in the name, identity or the structure of Debtor, any charge, lien, security interest, claim or encumbrance asserted against the Collateral, any litigation involving the Collateral, any theft, loss, injury or similar incident involving the Collateral, and any other material matter adversely affecting Debtor or the Collateral. Debtor shall furnish such other reports, information and data regarding Debtor's financial condition and operations, the Collateral and such other matters as Secured Party may request from time to time. Debtor will, within 90 days of the close of each of its fiscal years, deliver to Secured Party Debtor's balance sheet and statement of income certified to by a recognized firm of certified public accountants or by Debtor's Chief Financial Officer, as being prepared in accordance with generally accepted accounting principles consistently applied.
- (g) Protection of Collateral; Expenses. Secured Party, at its option and without prior notice to Debtor, whether before or after default, but without any obligation whatsoever to do so, may: (a) discharge taxes, claims, charges, liens, security interests, assessments or other encumbrances of any and every nature whatsoever at any time levied, placed upon or asserted against the Collateral; (b) place and pay for insurance on the Collateral, including insurance that only protects Secured Party's interest; (c) pay for the repair, improvement, testing, maintenance and preservation of the Collateral; (d) pay any filing, recording, registration, licensing or certification fees or other fees and charges related to the Collateral; or (e) take any other action to preserve and protect the Collateral and Secured Party's rights and remedies under this Agreement as Secured Party may deem necessary or appropriate.

Debtor further agrees to reimburse Secured Party promptly upon demand for any payment made or any expense incurred by the Secured Party pursuant to this authorization. These payments and expenditures, together with interest thereon from the date incurred until paid by Debtor at the maximum contract rate allowed under

applicable laws, which Debtor agrees to pay, shall constitute additional Obligations and shall be secured by and entitled to the benefits of this Agreement.

- (h) Books and Records. Debtor shall at all reasonable times allow Secured Party, by or through any of its officers, agents, attorneys or accountants, to examine the Collateral, wherever located, and to examine and make extracts from Debtor's books and records.
- (i) Insurance. Debtor shall maintain or cause to be maintained insurance at all times with respect to all tangible Collateral insuring against risks of fire, theft and other risks (so called "All Risk") as Secured Party may require, containing such terms, in such form and amounts and written by such companies as may be satisfactory to Secured Party, all of such insurance to contain an additional insured and a loss payable clause in favor of Secured Party, as its interests may appear. All policies of insurance shall provide for 30 days' written minimum cancellation notice to Secured Party and, at the request of Secured Party, shall be delivered to and held by it. Such insurance shall be primary to Secured Party and non-contributory with any other insurance carried by Secured Party. The insurance shall not be invalidated as against Secured Party for any violation of any term of the policy or Debtor's application therefor. Secured Party is hereby authorized to act as attorney for Debtor in obtaining, adjusting, settling and canceling such insurance and endorsing any drafts or instruments. Secured Party shall be authorized to apply the proceeds from any insurance to the Obligations secured hereby whether or not such Obligations are then due and payable.
- (j) Compliance. Debtor agrees to comply with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads (and qualify for interchange service in accordance with such interchange rules) and with all lawful rules of the United States Department of Transportation, the STB and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation, maintenance or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any Equipment, Debtor will conform therewith at its own expense.
- (k) Hazardous Use. Debtor agrees to not use the Equipment, or permit it to be used, for the transportation or storage of any substance which is categorized as, or required to be labeled as, "poison," "poisonous," "explosive," or "radioactive" (or any categories or labels substituted for such categories or labels as in effect on the day hereof) under 49 CFR 171 or other applicable Federal rules in effect from time to time regulating the transportation of hazardous materials.
- (l) Identification Numbers. Debtor agrees to cause the Equipment to be kept numbered with the identification numbers as set forth herein. Debtor will not change the identification number of any unit of Equipment unless and until (i) a statement of new

number or numbers to be substituted therefor shall have been filed with Secured Party and filed, recorded, and deposited by Debtor in all public offices where this Agreement shall have been filed, recorded, and deposited, and (ii) Debtor shall have furnished Secured Party an opinion of counsel in form and substance reasonably satisfactory to Secured Party to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Secured Party's interests in such Equipment and that no other filing, recording, deposit or giving of notice with or to any other Federal, State, or local government or agency thereof is necessary to protect the interests of Secured Party in such Equipment.

4. Debtor hereby appoints Secured Party the special agent of Debtor for the sole purpose of enforcing any and all rights and provisions of the Lease Agreement; provided, however, Secured Party shall have no duty or authority to perform any obligation of Debtor under the provisions of the Lease Agreement. Debtor and Secured Party agree that the interests of Debtor are best served by Secured Party being paid the indebtedness, being secure in its Collateral securing the payment of such indebtedness, and being able to deal directly with Lessee under the Lease Agreement. As special agent, Secured Party shall act, as Secured Party in its sole and absolute discretion, deems advisable. Debtor hereby consents to any and all delays, extensions of time, waivers, modifications, or compromises granted the Lessee under the Lease Agreement by Secured Party.

5. The occurrence of any of the following shall, at the option of Secured Party and without any notice other than as provided herein, constitute an Event of Default under this Agreement: (1) Debtor fails to pay any monthly installment of principal and interest when due; (2) Debtor fails to pay any other sum due hereunder or fails to perform any other covenant related to the Obligations or contained herein and such failure continues for ten (10) days after written notice by Secured Party to Debtor; (3) Debtor shall be in default in the payment of any other obligation now or hereafter owed by Debtor to Secured Party under any other agreement or instrument; (4) any default by Lessee under the Lease Agreement which is not timely remedied pursuant to the provisions thereof; (5) Debtor files a petition in bankruptcy, or for reorganization, or for an arrangement pursuant to the U.S. Bankruptcy Code, or any similar federal or state or foreign law, or is adjudicated bankrupt or insolvent, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due, or is dissolved, or suspends payment of any of its obligations, or takes any corporate action in furtherance of any of the foregoing; (6) a petition or answer proposing the adjudication of Debtor as a bankrupt, or its reorganization under the U.S. Bankruptcy Code, or any similar federal or state or foreign law is filed in any court and (i) Debtor shall consent to such filing, or (ii) such petition or answer is not discharged or denied within sixty (60) days after such filing; (7) a receiver, trustee or liquidator (or other similar official) is appointed for or takes possession or charge of Debtor, substantially all of its assets, or any Collateral; (8) Debtor's interest in any Collateral is levied upon or attached in any proceeding, and such process is not vacated or discharged within thirty (30) days thereafter; (9) Debtor attempts to sell, transfer, mortgage, pledge, or otherwise encumber, sublet or part with possession of any Collateral without Secured Party's prior written consent; or (10) the occurrence of a material adverse change in Debtor's financial condition or credit rating.

6. Upon the occurrence of an Event of Default and subject to the rights of Lessee under the Lease Agreement, Secured Party, at its option, shall be entitled to exercise any one or more of the following remedies (all of which are cumulative):

- (a) Declare Obligations Due. Secured Party, at its option, may declare the Obligations or any part thereof immediately due and payable, without demand, notice of intention to accelerate, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor, or any other notice whatsoever, all of which are hereby waived by Debtor and any maker, endorser, guarantor, surety or other party liable in any capacity for any of the Obligations.
- (b) Other Remedies. Secured Party shall have all of the rights and remedies provided for in this Agreement and in any other agreements executed by Debtor, the rights and remedies in the Uniform Commercial Code and any and all of the rights and remedies at law and equity, all of which shall be deemed cumulative. Without limiting the foregoing, Debtor agrees that Secured Party shall have the right to: (i) require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party; (ii) take possession of the Collateral, with or without process of law, and in this connection, enter any premises where the Collateral is located to remove same, to render it unusable, or to dispose of same on such premises; (iii) sell, lease or otherwise dispose of the Collateral, by public; or private proceedings, for cash or credit, without assumption of credit risk; and/or (iv) whether before or after default, collect and receipt for, compound, compromise, and settle, and give releases, discharges and acquittances with respect to any and all amounts owed by any person or entity with respect to the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition will be made. Any requirement of reasonable notice to Debtor shall be met if such notice is mailed, postage prepaid, to Debtor at the address of Debtor designated at the beginning of this Agreement, at least 10 days before the day of any public sale or at least 10 days before the time after which any private sale or other disposition will be made.
- (c) Expenses. Debtor shall be liable for and agrees to pay the reasonable expenses incurred by Secured Party in enforcing its rights and remedies, in retaking, holding, testing, repairing, improving, selling, leasing or disposing of the Collateral, or like expenses, including, without limitation, attorneys' fees and legal expenses incurred by Secured Party. These expenses, together with interest thereon from the date incurred until paid by Debtor at the maximum contract rate allowed under applicable laws, which Debtor agrees to pay, shall constitute additional Obligations and shall be secured by and entitled to the benefits of this Agreement. All reasonable efforts will be made to avoid duplicate costs and expenses.
- (d) Proceeds: Surplus: Deficiencies. Proceeds received by Secured Party from disposition of the Collateral shall be applied toward Secured Party's expenses and other

Obligations in the order or manner provided herein. Debtor shall be entitled to any surplus if one results after lawful application of all proceeds. Debtor shall remain liable for any deficiency.

- (e) Remedies Cumulative. The rights and remedies of Secured Party are cumulative and the exercise of any one or more of the rights or remedies shall not be deemed an election of rights or remedies or a waiver of any other right or remedy. Secured Party may remedy any default without waiving the default remedied and may waive any default without waiving any other prior or subsequent default.

7. Conditions to Effectiveness The obligations of Secured Party to make the Loan is subject to the following conditions precedent:

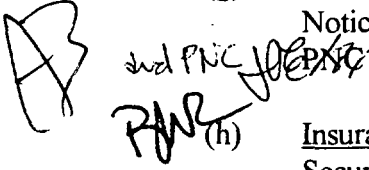
- (a) Corporate Documents of Debtor. Secured Party shall have received:
- (i) a copy of Debtor's certificate of incorporation, certified as of a recent date by the Secretary of State of the State of Colorado.
 - (ii) a certificate of such Secretary of State, dated as of a recent date as to the good standing of and payment of taxes by Debtor which lists the charter documents on file in the office of such Secretary of State;
 - (iii) a certificate of the Secretary or Assistant Secretary of Debtor certifying (A) that attached thereto is a true and complete copy of the by-laws of Debtor as in effect on the date of such certification, (B) that attached thereto is a true and complete copy of resolutions adopted by the Board of Directors of Debtor authorizing the borrowing hereunder, the execution, delivery and performance in accordance with their respective terms of this Agreement, the Note, and any other documents required or contemplated hereunder or thereunder, (C) that the certificate of incorporation of Debtor has not been amended since the date of the last amendment thereto indicated on the certificate of the Secretary of State furnished pursuant to clause (i) above and (D) as to the incumbency and specimen signature of each officer of Debtor executing this Agreement, the Note, or any other document delivered by it in connection herewith or therewith (such certificate to contain a certification by another officer of Debtor as to the incumbency and signature of the officer signing the certificate referred to in this clause (iii)).
- (b) Note. Secured Party shall have received the Promissory Note executed on behalf of Debtor in the form of Exhibit B hereto.
- (c) Opinion of Counsel. Secured Party shall have received the written opinion of Thomas P. Brightwell covering the matters set forth in Exhibit C hereto.
- (d) UCC Financing Statements and UCC Searches, etc. The Secured Party shall have received, in each case in form satisfactory to it, (i) UCC financing statements executed on behalf of Debtor for filing in all jurisdictions in which it shall be necessary or

desirable to make a filing in order to provide Secured Party with a perfected security interest in the Collateral as to which a security interest may be perfected by filing, and (ii) UCC searches satisfactory to Secured Party indicating that no other filings with regard to Debtor relating to the Collateral are of record in any of such jurisdictions.

(e) Existing PNC Leasing, Inc. Credit. All obligations of Debtor under the Security Agreement dated as of November 20, 1992 between Debtor and PNC Leasing Inc. ("PNC") (the "PNC Security Agreement"), the Note in the principal amount of \$290,041.93 dated as of November 20, 1992, and the Note in the principal amount of \$41,348.67 dated January 13, 1993 (the "Notes") shall have been paid in full, the Notes shall have been returned to Debtor and marked "canceled," and all security interests, liens and other encumbrances granted under the PNC Security Agreement shall have been released.

(f) Chattel Paper. The Secured Party shall have received the original Lease which has been identified as the "Secured Party Original."

(g) Notice and Acknowledgment and Consent. The Secured Party shall have received the Notice and Acknowledgment and Consent executed on behalf of Debtor, Lessee and ~~Debtor~~ ^{PNC} in the form of Exhibit D hereto.

 (h) Insurance. The Secured Party shall have received an insurance certificate designating Secured Party as loss payee and additional insured and otherwise in accordance with terms of Section 11 of the Lease.

8. This Agreement shall not relieve Debtor from or cause Secured Party to be liable for, the obligations of Debtor under the Lease Agreement. Secured Party acknowledges that its security interest hereunder is subject to the rights of quiet enjoyment of Lessee under the Lease Agreement. For the purpose hereof, "Quiet Enjoyment" shall mean in connection with Lessee's rights under the Lease Agreement, Secured Party's agreement that their rights under this Agreement and in the Collateral are subject to the rights of Lessee to exploit the Railcars leased to them, and that even if the Secured Party shall become the owner of the Railcars in case of an Event of Default, the Secured Party's ownership rights shall be subject to the rights of Lessee under the Lease Agreement, provided, that the Secured Party shall not be responsible for any liability or obligation of Debtor under the Lease Agreement.

9. This Agreement shall be governed by the laws of the State of Colorado. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent and duration of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. The offending provision shall be modified to the maximum extent possible to confer upon Secured Party the benefits intended thereby. Any notice or demand given by Secured Party to Debtor in connection with this Agreement, the Collateral or the Obligations, shall be deemed given and effective upon deposit in the United States mail postage prepaid, addressed to Debtor at the address

of Debtor designated at the beginning of this Agreement. Actual notice to Debtor shall always be effective no matter how given or received.

10. The provisions of this Agreement shall be binding upon the heirs, personal representatives, successors and assigns of Debtor and the rights, powers and remedies of Secured Party hereunder shall inure to the benefit of the successors and assigns of Secured Party.

11. Neither this Agreement nor any of its provisions may be changed, amended, modified, waived or discharged orally, but only by an instrument in writing signed by the party against whom enforcement of the change, amendment, modification, waiver or discharge is sought.

IN WITNESS WHEREOF, Debtor and Secured Party have duly executed and delivered this Agreement as of the day and year first above written with the intent to be legally bound hereby.

ATTEST:

DIVERSIFIED LEASE FUNDING, INC.

By

[Signature]
Name: [Signature]
Title: [Signature]

By

[Signature]
Name: James A. Ericson
Title: President

(SEAL)

BOMBARDIER CAPITAL INC.

Subscribed and sworn to by JAMES A. ERICSON
Before me this 24th day of JUNE, 1996
My Commission Expires 10/18/99
State of Colorado, County of Denver

[Signature]
Notary Public

[Signature]
By

Name: A. Baranovsky
Title: Assistant Treasurer

By

[Signature]
Name: R. William Crowl
Title: Vice President

STATE OF VERMONT
COUNTY OF CHITTENDEN

On the 26th day of June, 1996, before me personally appeared Andrew Baranowsky and R. William Crowe who acknowledged themselves to be the Assistant Treasurer and Vice President, respectively, of Bombardier Capital Inc., and that they, being authorized by the Board of Directors, voluntarily executed the foregoing instrument and that they duly acknowledged to me that they executed the same of their own free act and deed.

Mary Richard

Mary V. Richard, Notary Public
My Commission Expires 2/10/99

assignment of granting of the Lease Agreement or in the rents and other sums due hereunder shall be effective unless the assignee or transferee obtains possession of the copy of this Lease Agreement which has been identified as the "Secured Party Original".
Lease No. 1474

ORIGINAL
EXHIBIT A

LEASE AGREEMENT

NOV 20 1992 12:44 PM

INTERSTATE COMMERCE COMMISSION

This LEASE AGREEMENT ("Lease") is made and entered as of the 10 day of August 1992 between Capital Services Group, Inc., ("CSG") and The Carbide/Graphite Group, Inc. (hereinafter called "Lessee").

RECITALS

Lessee desires to lease from CSG as lessor certain railroad cars, hereinafter specifically designated, all upon the rentals, terms and conditions set forth in this Lease.

AGREEMENT

It is Agreed:

1. Lease of Cars. CSG agrees to lease to Lessee and Lessee agrees to and does hereby lease from CSG the Cars (the term "Cars" and other terms used herein are defined in Paragraph 27 hereof) on the terms and conditions provided in the Rider executed by CSG and Lessee attached hereto and made a part hereof. The Cars covered by this Lease are those described pursuant to Paragraphs 2 and 3 hereof.

2. Delivery and Acceptance of Cars. Each of the Cars shall be subject to Lessee's inspection upon delivery to Lessee. Failure to report any defect in the Car within seven (7) days after delivery of the car shall constitute acceptance thereof by Lessee and shall be conclusive evidence of the fit and suitable condition thereof. Such acceptance shall be acknowledged by Lessee executing a written confirmation of delivery and acceptance.

3. Use and Possession. Throughout the continuance of this Lease so long as Lessee is not in default hereunder, Lessee shall be entitled to possession of each Car from the date the Lease becomes effective as to such Car and shall use such Car (a) on its own property or lines; or (b) upon the lines of any railroad or other person, firm or corporation in the usual interchange of traffic; provided, however, that Lessee agrees that the Cars shall at all times be used (i) in conformity with the Interchange Rules; (ii) in compliance with the terms and provisions of this Lease; (iii) in a careful and prudent manner, solely in the use, service and manner for which they were designed.

4. Term. The rental term for the Cars shall be listed in the Rider to this Lease. Rental term shall commence with the delivery and acceptance of the Cars.

(C/LDXS: CarbgGr3.ls 8/3/92 5 pm)

1

5. Rental.

(a) The rent for the cars shall be the amount stated in the Rider.

(b) Any and all per diem and mileage allowed and paid by railroads on the Cars shall be for the account of Lessee.

6. Payment. Lessee shall make payment of all sums due hereunder to CSG in immediately available funds at the address provided in Paragraph 20 hereof, or at such other place as CSG may direct. The lease payments shall be made monthly in advance on or before the ____ day of each month for which such rental relates and is due.

7. Title. Lessee shall not by reason of this Lease or any action taken hereunder acquire or have any right or title in the Cars except the rights herein expressly granted to it as Lessee.

8. Repairs. All responsibility for Repair Work shall be borne by the Lessee at its sole cost except as may be otherwise agreed by the parties. Any such agreement shall be memorialized in a separate and distinct document of agreement (the "Service Agreement") which shall operate wholly independently of this Lease, which is to say, without limitation, no term, condition or provision, or breach thereof, of the Service Agreement shall affect or impair in any way the rights and obligations of the parties under this Lease. Lessee acknowledges and agrees that neither CSG nor its assignees shall have any responsibility or liability for Repair Work under this Lease.

9. Substitution of Cars. CSG may, at any time and from time to time, replace any Withdrawn Cars or Casualty Cars with Replacement Cars and such Replacement Cars shall be deemed to be subject to all terms and conditions of this Lease as if the same had been originally delivered to Lessee at the time and in the place of the Cars for which they are substituted. The parties shall execute amendments to this Lease and such other or further documents as may be required by either party hereto to evidence the withdrawal from and termination of this Lease with respect to Withdrawn Cars or Casualty Cars, or to include any Replacement Cars within the terms and provisions of this Lease and of any other document under which CSG has assigned its rights hereunder, as permitted in Paragraph 18 hereof.

10. No Abatement of Rent. Rental Payments on any Car shall not abate if such Car is out of service for Repair Work or for refurbishment nor on account of any other reason whatsoever. Lessee agrees that, upon receipt of written notice from CSG that the Lease has been assigned to such other party as is designated by CSG (the "Assignee"), it will pay to Assignee all monies due or to become due under the Lease without regard to any defense, claim (including but not limited to claims for structural defects in the Cars or for patent infringement), counterclaim, recoupment, setoff or right it may have against CSG whether arising under this Lease or any other transaction or otherwise and will not seek to recover any part of the same from Assignee, provided that Lessee shall not be obligated to make any payment or perform any obligation under the Lease in favor of Assignee if, when no default shall have occurred and be continuing, Assignee interferes with Lessee's right to quiet

enjoyment of the Cars. Lessee will not assert against said Assignee any defense, Claim (including but not limited to claims for structural defects in the Cars or for patent infringement), counterclaim, recoupment, setoff, or right to cancel or terminate the Lease which Lessee may have against CSG. Notwithstanding the foregoing, nothing herein shall be deemed to relieve CSG of any of its obligations to Lessee under the Lease.

11. Taxes and Insurance. Lessee shall pay all property taxes assessed or levied against the Cars. Lessee shall pay all taxes assessed or levied upon its interest as Lessee of Cars and all taxes in respect of the earnings including sales or use taxes imposed on the mileage charges and/or Car Hire revenues and other Lease rental and payments payable to CSG hereunder (other than income taxes of CSG upon rentals paid to it hereunder unless such tax is in substitution for or relieves Lessee of taxes it would be otherwise obligated to pay hereunder). Lessee will file all property or ad valorem tax returns. Lessee shall provide and maintain at its sole cost liability insurance coverage on all of the Cars as follows:

- (a) Insure or self-insure each Car leased hereunder against physical damage in an amount equal to the payment required to be made under Paragraph 15 in the event such Car becomes a Casualty Car;
- (b) Maintain and furnish CSG with evidence either of self insurance or comprehensive general liability insurance covering bodily injury and property damage claims in an amount not less than \$1 million single limit each accident. Such liability insurance shall name CSG as an additional insured with respect to this Lease only and shall provide coverage for Lessee's obligations under Paragraph 13 hereof.

Lessee will furnish such other party as is designated by CSG ("Assignee") with certificate(s) evidencing the insurance and/or self insurance described above, and shall designate and acknowledge Assignee as loss payee (with priority over CSG) to the extent of Assignee's interest in the Cars.

Lessee's obligation to maintain insurance with respect to each Car shall commence upon delivery to Lessee and shall continue until the lease term thereof terminates and, if such is required hereunder to be returned to CSG until such return. Lessee shall cooperate and, to the extent possible, cause others to cooperate with CSG and all companies providing any insurance to Lessee or CSG or both with respect to the Cars.

Notwithstanding the foregoing, the parties may agree under a separate and distinct document of agreement (the "Service Agreement"), concerning certain tax and insurance obligations of Lessee hereunder. The Service and Agreement shall operate wholly independently of the Lease, which is to say, without limitation, no term, condition or provision, or breach thereof, of the Service Agreement shall affect or impair in any way the rights and obligations of the parties under this Lease. Lessee acknowledges and agrees that neither CSG nor its assignees shall have any responsibility or liability for taxes and insurance under this Lease.

12. Liens. Lessee shall keep the Cars free from any and all encumbrances or liens in favor of anyone claiming by, through or under Lessee which may be a cloud upon or

otherwise affect CSG title, including, but not limited to, liens or encumbrances which arise out of any suit involving Lessee, or any act, omission or failure of Lessee to comply with the provisions of this Lease, and Lessee shall promptly discharge any such lien, encumbrance or legal process.

13. Indemnity. Lessee agrees to indemnify CSG and hold it harmless from any loss, expense or liability which CSG may suffer or incur from any charge, claim, proceeding, suit or other event which in any manner or from any cause arises in connection with the use, possession or operation of a Car while subject to this Lease, excepting only any such loss, expense or liability which arises from CSG's negligence. CSG agrees to indemnify Lessee and hold Lessee harmless from any loss, expense or liability which Lessee may suffer or incur from any charge, claim, proceeding, suite or other event which in any manner of from any cause arises in connection with the use, possession or operation of a Car while subject to this Lease to the extent attributable to the negligence or willful misconduct of CSG, excepting any such loss, expense or liability which arises from Lessee's negligence or willful misconduct, and excepting however any loss, liability, claim, damage or expense which accrues with respect to any of the cars for which a railroad or railroads have assumed full responsibility, including investigating and defending against any claim for damages. The indemnities herein contained shall survive the termination of this Lease.

14. Lettering - Inventory. Except for renewal and maintenance of lettering indicating the rights of CSG or any assignee of CSG or that the Car is leased to the Lessee or to a sublessee, no lettering or marking shall be place upon any of the Cars by Lessee except upon the written direction or consent of CSG. CSG may at its own cost and expense inspect the Cars from time to time wherever they may be, and Lessee shall upon request of CSG, but no more than once every year, furnish to CSG its certified inventory of all Cars then covered by this Lease.

15. Loss, Theft or Destruction of Cars. In the event any Car is lost, stolen destroyed or damaged beyond economic repair, Lessee shall, by notice, promptly and fully advise CSG of such occurrence. Except where CSG shall have received payment for such Casualty Car from a handling railroad or other party under and pursuant to the Interchange Rules in an amount not less than that amount set forth in the Stipulated Loss Schedule attached hereto and made a part hereof, Lessee shall, within 45 days after demand by CSG, promptly make payment to CSG in the same amount as is set forth in the Stipulated Loss Schedule and made a part hereof for the loss of such Cars, against which will be credited any payments received from a handling railroad or other party. This Lease shall terminate with respect to a Casualty Car on the date CSG shall receive notice of a casualty occurrence with respect thereto, and thereafter Lessee shall have no further liability to CSG hereunder with respect thereto excepting liabilities arising or existing under Paragraphs 2, 4, 5, 8, 11, 12, 13 and 17 hereof and the liability, if any, of Lessee to make payments pursuant to this Paragraph.

16. Return of Cars. Upon the expiration or upon the termination of this Lease with respect to any Car (other than pursuant to Paragraph 15 hercof), Lessee shall at its sole cost and expense forthwith surrender possession of such Car to CSG by delivering same to CSG at such car shop, storage or terminal facility as it may designate by notice to Lessee. Each Car so surrendered shall be in the same or as good condition, order and repair as when delivered

to Lessee, wear and tear from ordinary use and the passage of time excepted, and shall be in need of no repairs for which Lessee is liable under Paragraph 8. Until the delivery of possession to CSG pursuant to this Paragraph 16, Lessee shall continue to be liable for and shall pay rental at the rate being paid immediately prior to termination or expiration, and Lessee shall in addition make all other payments and keep all obligations and undertakings required of Lessee under any and all provision of this Lease as though such termination or expiration had not occurred.

17. Default. If Lessee shall fail to make any payment required hereunder within 20 days after invoice for same or shall default or fail for a period of 20 days after notice in the due observance or performance of any covenant, condition or agreement required to be observed or performed on its part hereunder, or if a proceeding shall have been commenced by or against Lessee under any bankruptcy laws, Federal or State, or for the appointment of a receiver, assignee or trustee of Lessee or its property, or if Lessee shall make a general assignment for the benefit of creditors, then and in any of said events CSG may at its election

(a) Terminate this Lease by written notice to such effect, and retake the Cars and thereafter recover as liquidated damages (and not as a penalty), it being acknowledged by the parties that actual damages are difficult or impossible to estimate and that the following is a reasonable pre-estimate of the probable loss, any and all costs and expenses of termination, retaking and reselling or re-leasing (including, without limitation, reasonable attorneys' fees) in addition to the present value (using a discount rate of ten percent (10%) of all rental for the unexpired balance of the Lease term unpaid as of said date of termination, reduced by the present value (using a discount rate of ten percent (10%) of the fair market rental value of the Cars for the unexpired balance of the Lease term as of said date (such fair market rental value to equal zero for any Car not returned by Lessee). CSG may sell the Cars at public or private sale, with or without notice, advertisement, or publication, as CSG may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle the Cars as CSG in its sole discretion may determine, all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto: or

(b) Without terminating the Lease, repossess the Cars, but in the event the Cars are delivered to CSG or are repossessed, CSG shall use reasonable efforts to relet the same or any part thereof to others upon a reasonable rental and such other terms as it may see fit. The proceeds of any such reletting shall first be applied to the expenses (including reasonable attorneys' fees) of retaking and reletting of the Cars and delivery to the new lessee and then to the payment of rent due under this Lease. Lessee shall pay any deficiency remaining due after so applying the proceeds as the same shall accrue. The election by CSG to relet the Cars and the acceptance of a new lessee shall not operate to release Lessee from liability for any existing or future default in any other covenant or promise herein contained.

The obligation to pay any deficiency or any sum or sums due and unpaid or any damages suffered by reason of Lessee's default hereunder shall survive the termination of the Lease and the retaking of the Cars. The remedies in this Lease shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies existing at law or in equity.

18. Sublease and Assignment. The right to assign this Lease by either party and the Lessee's right to sublease shall exist only as follows:

(a) Lessee shall have no right to sublease or loan any of the Cars without the prior written consent of CSG, which consent shall of be unreasonably withheld.

(b) All rights of CSG hereunder may be assigned, pledged, mortgaged, transferred or otherwise deposed of either in whole or in part without the consent of Lessee, provided CSG shall give Lessee 30 days advance written notice thereof. This Lease and Lessee's rights hereunder are and shall be subject and subordinate to any chattel mortgage, security agreement or equipment trust or other security instrument covering the Cars heretofore or hereafter created by CSG. If CSG shall have given written notice to Lessee stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by Lessee hereunder, Lessee shall thereafter make such payments to the designated assignee.

The making of an assignment or sublease by Lessee or any assignment by CSG shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or undertaking hereunder upon any such assignee or sublessee except as otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee.

19. Representations of Lessee. Lessee hereby represents and warrants that:

(a) Lessee is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, and has corporate power to and has taken all corporate action necessary validly to enter into this Lease and carry out its obligations hereunder;

(b) This Lease has been duly executed on behalf of Lessee and constitutes the legal, valid and binding obligation of Lessee, enforceable in accordance with its terms; and

(c) To Lessee's knowledge, no governmental, administrative or judicial authorization, permission, consent or approval is necessary on the part of Lessee in connection with this Lease or any action contemplated on its part hereunder.

20. Notice. Any notice required or permitted to be given pursuant to the terms of this Lease shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

CSG at: 3955 East Exposition, Suite 212
Denver, CO 80209

Lessee at: One Gateway Center, 19th Floor
Pittsburgh, PA 15222-1416

or at such other address as either party may from time to time designate by such notice in writing to the other.

21. Warranty - Representation.

(a) EXCEPT AS EXPRESSLY SET FORTH IN THIS LEASE, CSG MAKES NO WARRANTY OR REPRESENTATION OF ANY KIND, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING SPECIFICALLY BUT NOT EXCLUSIVELY, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR THE DESIGN WORKMANSHIP CONDITION OR QUALITY OF THE CARS OR PARTS THEREOF WHICH CARS HAVE BEEN ACCEPTED BY LESSEE HEREUNDER.

(b) IN NO EVENT AND UNDER NO CIRCUMSTANCES WILL CSG BE LIABLE TO LESSEE FOR ANY SPECIAL, COLLATERAL, EXEMPLARY, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE OR KIND WHATSOEVER IN CONNECTION WITH THE LEASE, USE, POSSESSION OR OPERATION OF THE CARS OR IN CONNECTION WITH CSG'S PERFORMANCE HEREUNDER OR THE BREACH OF ANY WARRANTY OR BREACH OF ANY OF THE PROVISIONS OF THIS AGREEMENT, OR ARISING BY REASON OF ANY IMPERFECTION OR DEFECT IN THE CARS EVEN IF ADVISED OF POSSIBILITY OF SUCH DAMAGES, REGARDLESS OF WHETHER BASED IN TORT OR IN CONTRACT.

(c) Lessee represents that all of the matters set forth in Paragraph 19(a) through and including (c) are true and correct as of the date of this Lease, and Lessee shall notify CSG in writing upon the occurrence of any event or the existence of any facts or circumstances which render or would render with the passage of time such matters not true and correct.

22. Governing Law - Writing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Colorado. The terms of this Lease and the rights and obligations of the parties hereto may be changed or terminated only by agreement in writing signed by the party against whom enforcement of such change or termination is sought.

23. Counterparts. This Lease may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which may be evidenced by any such signed counterpart.

24. Severability - Waiver. If any term or provision of this Lease or the application thereof to any persons or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law. Failure of CSG to exercise any rights hereunder shall not constitute a waiver of any such right upon the continuation or recurrence of the situation or contingency giving rise to such right.

25. **CSG's Agency Role.** It is understood and agreed between the parties that CSG in executing this Lease is acting as agent for the owners of the Cars and that all references herein to CSG shall be construed to bind only the owners of the Cars and not CSG as a principal.

26. **Past Due Payments.** Any nonpayment of rentals or other sums due hereunder, whether during the period within which default may be cured or for a longer period, and whether or not deemed a default or violation of this Lease, shall result in the obligation on the part of the Lessee to pay also an amount of interest equal to twelve percent (12%) per annum (or if such rate may not lawfully be charged, then the highest rate which may lawfully be charged) of such overdue sum for the period of time such sum is overdue and unpaid.

27. **Definitions.** For all purposes of this Lease the following terms shall have the following meaning:

(a) **"Cars"** -- railroad cars of the type, construction and such other description as is set forth in The Rider, attached hereto and made a part hereof.

(b) **"Interchange Rules"** -- all codes, rules, interpretation, laws and orders governing hire, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted as being applicable to the Cars, as adopted and in effect from time to time by the Association of American Railroads and any other organization, association, agency or governmental authority, including the Interstate Commerce Commission and the United States Department of Transportation, which may from time to time be responsible for or have authority to impose such codes, rules, interpretations, laws or orders.

(c) **"Repair Work"** -- all repairs, maintenance, modifications, additions or replacements required to keep and maintain the Cars in good working order and repair in accordance with and on the effective date of the requirements of all Interchange Rules.

(d) **"Withdrawn Cars"** -- Cars as to which this Lease has been terminated by CSG because deemed by CSG to be unsuitable or uneconomical for Repair Work.

(e) **"Casualty Cars"** -- Cars which are lost, stolen, destroyed or damaged beyond economic repair.

(f) **"Replacement Cars"** -- Cars of substantially similar description and specifications to that set forth in the Rider which are substituted for Withdrawn or Casualty Cars.

28. **Benefit.** Except as otherwise provided herein the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of the parties and (to the extent permitted in Paragraph 18 hereof) their successors and assigns. Without limiting the generality of the foregoing, the indemnities of the Lessee contained in Paragraph 13 hereof shall apply to and inure to the benefit of any assignee of CSG, and if such assignee is a trustee or secured party under an indenture under which evidence of indebtedness have been issued in connection with the financing of the Cars, then also to the benefit of any holder of such evidence of indebtedness.

29. Recording. Upon request by CSG, Lessee shall join in the execution of a memorandum or short form of this Lease for use in recordation under 49 U.S.C.A Section 11303 or such other recordation as CSG reasonably deems appropriate. Said memorandum or short form of lease may describe the parties, the Cars being leased and the term of this Lease, including any options to extend, and shall incorporate the Lease by reference.

CAPITAL SERVICES GROUP, INC.

BY:

TITLE:

DATE:

THE CARBIDE/GRAPHITE GROUP, INC.

BY:

TITLE:

DATE:

ORIGINAL

CAPITAL SERVICES GROUP, INC.
3955 East Exposition Avenue, Suite 212
Denver, Colorado 80222
Phone: (303) 744-6868

Rider No. 1

Rider to
Capital Services Group, Inc.
Rail Car Leasing Agreement No. 1474

<u>Number of Cars:</u>	Sixteen (16)
<u>Description:</u>	Sixteen (16) flat cars each with one hundred (100) ton trucks, frame tiedown assemblies with shock absorber corners, 48" bulkheads on both "a" and "b" ends, ratchets on side body of cars, placard holders, roller bearing wheels, 5/8" or heavier, chains, stenciled, light weight including portable product containers.
<u>Car Numbers:</u>	<div style="display: flex; align-items: center;"><div style="margin-right: 20px;">RS 10/8/92</div><div>DLFX KAMX: 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316</div></div>
<u>Term:</u>	Eighty-four (84) Months
<u>Rental:</u>	\$5,440.00 per month
<u>Advance Payment:</u>	\$5,440.00 to be applied to the 1 st
<u>Other Provisions:</u>	
Reporting Requirements:	Notwithstanding anything in this lease the Lessee is not required to meet reporting requirements of time for the above listed cars to obtain mileage credits.
<u>Preventative Maintenance</u>	
<u>Inspection:</u>	Lessor agrees to perform an inspection of the cars covered by this Rider, provided that Lessee directs the cars to Lessor's inspection point from a loaded movement.

CAPITAL SERVICES GROUP, INC.
LESSOR

BY: _____

TITLE: _____

THE CARBIDE/GRAPHITE GROUP, INC.
LESSEE

BY: _____

TITLE: President

(LDS: carbgr1.rdr August 3, 1992)

CAPITAL SERVICES GROUP, INC.
3955 East Exposition Avenue, Suite 212
Denver, Colorado 80222
Phone: (303) 744-6868

ORIGINAL

Rider No. 2

Rider to
Capital Services Group, Inc.
Rail Car Leasing Agreement No. 1474

Number of Cars: Twenty (20)

Description: Twenty (20) flat cars each with one hundred (100) ton trucks, frame tiedown assemblies with shock absorber corners, 48" bulkheads on both "a" and "b" ends, ratchets on side body of cars, placard holders, roller bearing wheels, 5/8" or heavier, chains, stenciled, light weight including portable product containers.

Car Numbers: DLFX- 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336

Term: Eighty-four (84) Months

Rental: \$6,400.00 per month

Advance Payment: \$6,400.00 to be applied to the 1st

Other Provisions:

Reporting Requirements: Notwithstanding anything in this lease the Lessee is not required to meet reporting requirements of time for the above listed cars to obtain mileage credits.

Preventative Maintenance

Inspection: Lessor agrees to perform an inspection of the cars covered by this Rider, provided that Lessee directs the cars to Lessor's inspection point from a loaded movement.

CAPITAL SERVICES GROUP, INC.
LESSOR

BY: 

TITLE: President

THE CARBIDE/GRAPHITE GROUP, INC.
LESSEE

BY: 

TITLE: President

(C/LDS: carbgr2.rdr August 3, 1992)

In the event any car is totally damaged or destroyed Lessee shall pay to CSG any deficiency between the values per railcar assigned below and any insurance proceeds and/or payment under AAR rules received by Lessor.

After Payment Number	Value per Railcar	After Payment Number	Value per Railcar	After Payment Number	Value per Railcar
1	\$24,409	31	\$20,001	61	\$14,724
2	\$24,274	32	\$19,840	62	\$14,532
3	\$24,139	33	\$19,677	63	\$14,338
4	\$24,002	34	\$19,514	64	\$14,143
5	\$23,866	35	\$19,350	65	\$13,947
6	\$23,728	36	\$19,186	66	\$13,750
7	\$23,590	37	\$19,020	67	\$13,552
8	\$23,450	38	\$18,852	68	\$13,352
9	\$23,310	39	\$18,685	69	\$13,152
10	\$23,169	40	\$18,515	70	\$12,951
11	\$23,028	41	\$18,345	71	\$12,748
12	\$22,884	42	\$18,174	72	\$12,543
13	\$22,741	43	\$18,002	73	\$12,338
14	\$22,596	44	\$17,829	74	\$12,132
15	\$22,451	45	\$17,655	75	\$11,924
16	\$22,304	46	\$17,480	76	\$11,715
17	\$22,157	47	\$17,303	77	\$11,505
18	\$22,009	48	\$17,126	78	\$11,293
19	\$21,860	49	\$16,948	79	\$11,082
20	\$21,711	50	\$16,769	80	\$10,868
21	\$21,560	51	\$16,588	81	\$10,653
22	\$21,408	52	\$16,407	82	\$10,436
23	\$21,255	53	\$16,224	83	\$10,219
24	\$21,101	54	\$16,040	84	\$10,000
25	\$20,948	55	\$15,855		
26	\$20,792	56	\$15,669		
27	\$20,635	57	\$15,483		
28	\$20,478	58	\$15,294		
29	\$20,320	59	\$15,106		
30	\$20,161	60	\$14,916		

August 13, 1992

Changes for the Carbide Graphite Lease 1474:

Lease Amendments

1. Where Rider read Riders (optionally change each mention)
2. Paragraph 2: Delivery and acceptance of each car specified in the Riders
3. Paragraph 4:

Rental term for each Rider shall commence with the delivery and acceptance of the car specified in the Rider. Such date shall be the base start date for each rider. Interim daily rents shall be paid to lessor from the date of delivery and acceptance of each car until the base start date of each rider. Such rent shall be calculated as the monthly rental rate specified in the rider divided by 30.

4. Paragraph 15: Add wording that payments under Stipulated Loss Schedule shall first be applied to debt provided by assignee.
5. Paragraph 25 is stricken
6. Riders 1 and 2 to Lease, replace "48" bulkheads with "52" bulkheads. Rider No.1 replace KAMX with DLEX. Rider No.2 add DLEX before car 317.

Service Agreement

1. Document as executed by Lessee is different than final draft sent to CGGI, 1st page was changed. Re-execute the complete document (changes on 1st page were not reflected in pages 2 - 5 earlier sent to lessee)
2. Paragraph 8b, 5th line "Paragraph 9 (a) hereof" shall read "Paragraph 8(a) hereof"
3. Paragraph 2 a(i) replace "of levied" with "or levied".
4. Paragraph 3 After "Sixty Dollars (\$60.00)" insert "per car".

PROMISSORY NOTE

\$260,233.11

Denver, Colorado
as of June 6, 1996

FOR VALUE RECEIVED, DIVERSIFIED LEASE FUNDING, INC., a Colorado corporation (hereinafter called the "Debtor"), hereby promises to pay to the order of BOMBARDIER CAPITAL INC., a Massachusetts corporation (hereinafter called "Holder"), located at 1600 Mountain View Drive, Colchester, Vermont 05446, the sum of TWO HUNDRED SIXTY THOUSAND TWO HUNDRED THIRTY-THREE AND 11/100 DOLLARS (\$260,233.11) together with interest thereon at the annual rate of 9.75 percent, computed from the date of this promissory note. The obligations of the undersigned are "Obligations" secured by the "Collateral" as each term is defined and described in a Security Agreement between the undersigned and the Holder dated as of June 6, 1996 (the "Security Agreement"), and the Holder is entitled to all of the rights and privileges provided therein, including rights of acceleration of this Note.

This Note shall be due and payable in monthly installments of principal and interest due and payable on the last business day of each month and in the amounts specified as follows: 41 consecutive installments of Five Thousand Four Hundred Forty Dollars (\$5,440.00) each beginning on June 28, 1996 and continuing each month thereafter through and including October 1999, followed by one installment of One Hundred Thousand Dollars (\$100,000) due on the last business day of November 1999 (the "Maturity Date"). The entire remaining unpaid balance and all accrued and unpaid charges due hereunder and under the Security Agreement shall be due and payable on the Maturity Date.

Past due principal and, to the extent legally enforceable, past due interest installments shall bear interest and accrue late charges computed at the rate of twelve percent (12%) per annum; provided, however, in no event shall such interest be payable at a rate in excess of the maximum rate permitted by applicable law. Interest and late charges as aforesaid shall continue to accrue until the overdue amounts are paid following the Maturity Date and whether or not judgment has been entered.

At any time, the entire unpaid principal balance of the indebtedness evidenced by this instrument may be prepaid provided, however, all prepayments occurring on or prior to June 30, 1997 shall be accompanied by a prepayment penalty in an amount equal to five percent (5%) of the principal amount outstanding as of the date of prepayment; provided further all prepayments occurring after June 30, 1997 and on or before June 30, 1998 shall be accompanied by a prepayment penalty in an amount equal to four percent (4%) of the principal amount outstanding as of the date of prepayment; and provided further, all prepayments occurring after June 30, 1998 and on or before June 30, 1999 shall be accompanied by a prepayment penalty in amount equal to three percent (3%) of the principal amount outstanding as of the date of prepayment. In addition to prepayment penalties, all prepayments shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to the date of prepayment.

It is the intention of the Holder and Debtor that the provisions of this instrument shall be in conformity with the laws of the State of Colorado, and if it should appear that any of the provisions thereof are in conflict with any statute or rule of law of such jurisdiction, then such provisions shall be deemed inoperative and null and void to the extent that they may conflict therewith and shall be deemed modified to conform with such statute or rule of law.

A default by Debtor under the Security Agreement, may, at the option of the Holder, constitute a default under this instrument, whereupon, the Holder may declare the entire unpaid principal balance and all accrued interest and other charges hereunder and under the Security Agreement to be immediately due and payable and to proceed at once to exercise each and every one of the remedies set forth in the Security Agreement or otherwise available at law or in equity.

The undersigned and all other parties who may be liable (whether as endorsers, guarantors, sureties or otherwise) for payment of any sum or sums due or to become due under the terms of this Note waive diligence, presentment, demand, protest, notice of dishonor and notice of any other kind whatsoever and agree to pay all costs incurred by the Holder in enforcing its rights under this Note or the Security Agreement, including reasonable attorneys' fees, and they do hereby consent to any number of renewals or extensions at any time in the payment of this Note. No extension of time for payment of this Note made by any agreement with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change or affect the original liability under this Note, either in whole or in part, of the undersigned. No delay or failure by the Holder hereof in exercising any right, power, privilege or remedy shall be deemed to be a waiver of the same or any part thereof; nor shall any exercise thereof, or exercise of any other right, power, privilege or remedy, and the rights and remedies provided for hereunder are cumulative and not exclusive of any other right or remedy available at law or in equity. The Holder of this Note may proceed against all or any of the Collateral securing this Note in accordance with the terms of the Security Agreement or against any guarantor hereof, or may proceed contemporaneously or in the first instance against the undersigned, in such order and at such times following default hereunder as the Holder may determine in its sole discretion. All of the undersigned's obligations under this Note are absolute and unconditional, and shall not be subject to any offset or deduction whatsoever. The undersigned waives any right to assert, by way of counterclaim or affirmative defense in any action to enforce the undersigned's obligations hereunder, any claim whatsoever against the Holder of this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF COLORADO.

ATTEST:

DIVERSIFIED LEASE FUNDING, INC.

By: _____

By: _____

Name:

Name:

Title

Title:

Matters to be Covered

1. Debtor is a corporation duly organized, validly existing and in good standing under the laws of the State of Colorado, and has all requisite power to own its property and conduct its business as now conducted and is duly qualified to do business in each jurisdiction wherein the nature of its property or business requires such qualification.

2. Each of the Transaction Documents to which Debtor is a party has been duly and validly authorized and has been duly and validly executed and delivered by or on behalf of the Lessor and the execution, delivery and performance of such Transaction Documents is within the corporate power of the Lessor and each of such Transaction Documents constitutes a legal, valid and binding obligation of the Lessor and is enforceable in accordance with its terms.

3. Neither the execution, the delivery nor the performance of the Transaction Documents, the consummation of any transaction contemplated by the Transaction Documents, nor compliance with their terms and provisions will or has conflicted with or resulted in a breach of any of the terms, conditions or provisions of the charter or Bylaws, as amended, of Debtor or, to the best of our knowledge, of any law, rule or any regulation, order, writ, injunction, decree, determination or award of any court or governmental instrumentality, or any agreement or instrument to which Debtor is subject, or by which Debtor or its assets may be bound or affected, or constitute a default thereunder, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever (other than as permitted by or arising under the Transaction Documents) upon, or with respect to, any of Debtor's property or assets.

4. No consent, license, approval or authorization, or registration, declaration or filing with, any court, governmental body or authority or other person or entity is required in connection with the valid execution, delivery or performance of the Transaction Documents, or any other documents required thereby or in connection with any of the transactions contemplated thereby, other than recordings and filings contemplated by the Transaction Documents.

5. There are no actions, suits, proceedings or investigations pending or threatened against or affecting Debtor before any court or any federal, state, provincial, municipal, or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or any basis therefor, which involves the possibility of any judgment or liability not covered in full by insurance which could result in any material adverse effect on the property, assets, business, operations or condition, financial or otherwise, of Debtor, or materially impair the right or ability of Debtor, to carry on its operations or business

substantially as now conducted or anticipated to be conducted in the future, or which questions the validity of the Transaction Documents, or other documents required thereby, or any action to be taken pursuant to any of the foregoing.

6. Upon (i) the filing of the financing statement with the Secretary of State of the State of Colorado, in the form of Exhibit 1 hereto, (ii) the filing of the UCC termination statements terminating PNC Leasing Corp.'s security interest in each case pursuant to the provisions of the UCC, (iii) the recording of the Lease, the Security Agreement and the PNC Leasing Corp. termination documents with the Interstate Commerce Commission, and (iv) the delivery of the "secured party original" of the Lease into the possession of the Secured Party, the Loan will be secured by a validly created perfected security interest in favor of the Secured Party in and to the Railcars, the Lease and all rents and other sums thereunder.

Very truly yours,

DIVERSIFIED LEASE FUNDING, INC.

NOTICE AND ACKNOWLEDGMENT AND CONSENT

This Notice and Acknowledgment and Consent (the "Notice") is made this ____ day of June 1996 among Carbide/Graphite Group, Inc. ("Lessee"), Diversified Lease Funding, Inc. ("Lessor"), PNC Leasing Corp. ("PNC") and Bombardier Capital Inc. ("Assignee").

BACKGROUND

- A. Lessor, as successor in interest to Capital Services Group, Inc. ("CSG"), and Lessee have executed a Lease Agreement dated as of August 10, 1992 (the "Master Lease") and Rider No. 1 thereto (the "Rider") pursuant to and incorporating therein the terms and conditions of the Master Lease, as amended by the Consent to Assignment, dated as of November 20, 1992 among PNC, Lessor, as successor to CSG and Lessee (the "Amendment"; the Master Lease, as amended by the Amendment, together with the Rider thereunder constituting a separate lease agreement being hereinafter referred to as the "Lease Agreement");
- B. Lessor has requested that Assignee make a loan to Lessor in the principal amount of \$260,233.11 (the "Loan") to refinance Lessor's existing debt facility with PNC and to provide general working capital.
- C. As collateral security for payment of the Loan and other obligations incurred in connection therewith, Lessor has assigned all of its right, title and interest in, to and under (i) the Lease Agreement, including rental payments (the "Rent") and other sums due or to become due thereunder and (ii) the equipment described therein ("Equipment"; the Equipment together with the Lease Agreement and Moneys collectively referred to as the "Collateral") to Assignee pursuant to the Security Agreement dated as of June 6, 1996 (the "Security Agreement").
- D. The parties desire to clarify certain of their rights and obligations with respect to each other.

NOW, THEREFORE, IT IS AGREED:

- 1. Lessee hereby acknowledges notice of and consents to Lessor's grant of security interest in and to the Collateral and assignment of Rent to Assignee commencing with the Rent payment due on July 1, 1996, insurance proceeds and all other payments from time to time payable by Lessee under the Lease Agreement (said rents and all other payments being hereafter collectively referred to as the "Moneys").
- 2. Lessee certifies, confirms, acknowledges and warranties as follows: (a) the term of the Lease commenced as of _____, (b) the Rent amount is payable in monthly installments on or before the first day of each month for which such rental relates, (c) on the date hereof, all

payments of Rent have been made as scheduled and there remain 41 payments of \$5,440 each under the Lease Agreement, (d) the representations and warranties of Lessee set forth in the Lease Agreement are true and correct in all material respects as though made on and as of the date hereof, (e) that Exhibit A hereto is a true and complete copy of the Lease Agreement with all amendments and modifications thereto; (f) neither Lessor nor Lessee is in default of any of their obligations as Lessor and Lessee, respectively, under the Lease Agreement; (g) the Lease Agreement is in full force and effect and represents valid and binding obligations of Lessee; (h) except for the assignment to PNC, Lessee has received no notice of a prior sale, transfer, assignment, hypothecation, or pledge of the Lease Agreement, the Moneys, or the Equipment; (i) all representations and duties of Lessor intended to induce Lessee to enter into the Lease Agreement whether required by the Lease Agreement or otherwise have been fulfilled; (j) Lessee warrants and represents to Assignee that the Lease Agreement and this Notice are the sole agreements between Lessee and Lessor respecting the Equipment and the Moneys; (k) Assignee shall be entitled to the benefits of each and every right accorded Lessor in the Lease Agreement; (l) notwithstanding anything in the Lease Agreement to the contrary, no assignment or sublease by Lessee of any of its rights under the Lease Agreement or in the Equipment shall in any way discharge or diminish any of Lessee's obligations under the Lease Agreement, it being the intention that Lessee shall remain primarily liable to pay and perform all of its obligations under the Lease Agreement; and (m) the grant of security interest and assignment of Rents to Assignee does not materially change Lessee's duties or obligations under the Lease Agreement nor materially increase the burdens or risks imposed on Lessee.

3. Lessee agrees that it will remit all Moneys directly to Assignee as set forth in Section 1 hereof (in sufficient advance time to reach Assignee on their scheduled due dates), via Lessee's check payable to and at the address as follows:

Bombardier Capital Inc.
Attention: General Finance Department
File # 98157
P.O. Box 1067
Charlotte, NC 28201-1067

or such other address as Assignee may designate in writing.

4. Lessee agrees (a) that it shall not enter into any waiver, consent, or other agreement affecting, amending, modifying or terminating the Lease Agreement without the prior written consent of Assignee and any such attempted waiver, consent, or agreement to amend, modify or terminate the Lease Agreement without such consent shall be void; (b) that it will deliver to Assignee a copy of all notices and other communications relating to the Lease Agreement and the Equipment in accordance with the Lease Agreement; (c) Lessee hereby agrees with Assignee that it will promptly designate Assignee as "Additional Insured" and "Loss Payee" as required in the Lease Agreement and will deliver such insurance documentation as Lessor or Assignee shall require coincident with this Notice, and (d) that the rights of Assignee under

the Lease Agreement shall not be subject to any defense, set-off or counterclaim that Lessee may have against Lessor or any other person under the Lease Agreement and that Assignee shall not be responsible for any duties or obligations of Lessor or any other person under the Lease.

5. Lessee and Lessor agree to do any further act and execute any further documents that Assignee reasonably requests in order to protect and secure its interest in the Equipment and the Lease Agreement including, but not limited to, replacing all lienholder notices now affixed to the Equipment, if any, with a notice substituting Bombardier Capital Inc. for PNC Leasing Corp. Assignee shall have all the rights of a secured party under the Uniform Commercial Code, as well as those of Lessor under the Lease Agreement, in enforcing its interest.
6. The validity of this Notice, the construction and enforcement of the terms hereof, and the interpretation of the rights and duties of the parties hereto shall be governed by the laws of the State of Colorado.
7. Any notices required or permitted to be given or delivered hereunder shall be in writing (unless otherwise specifically provided herein or in the Lease Agreement) and shall be sufficiently given if delivered personally or sent by registered mail or sent by first class mail, postage prepaid, to the parties. Any such notice shall be deemed to be given as of the date it is personally delivered or when placed in the mail in the manner specified.
8. This Notice may be executed separately or independently in any number of counterparts. When each party has executed the same or a different counterpart, each and all of which together shall be deemed to have executed by all parties simultaneously and for all purposes to be one Notice.
9. The requirement of prior written notice of a transfer pursuant to Section 18(b) of the Lease is hereby waived.
10. Amendment No. 2 to the Lease Agreement. Each of Lessor and Lessee hereby agree for the benefit of Assignee that so long as Assignee, or any assigns or successors to Assignee, holds an interest in the Lease Agreement or the Equipment, that the terms of the Lease Agreement shall be amended in the following particulars. In the event of any conflict or ambiguity between any provisions of the Lease Agreement and this Notice, the provisions of the Notice shall control.
 - (a) Delivery and Acceptance of Cars. By its execution of this Notice, Lessee acknowledges that it has accepted the Equipment identified in Rider 1 to the Lease Agreement for all purposes under the Lease Agreement and that the term of the Lease Agreement has commenced in respect thereto.
 - (b) Rights of Lessor and Assignee. Whenever the term "Lessor" is used in the Lease Agreement, such term shall mean Diversified Lease Funding, Inc., as assignee of Capital

Services Group, Inc., and its successors and assigns. Whenever the term "Assignee" or "assignee" is used in the Lease Agreement, such terms shall mean Bombardier Capital Inc., and its successors and assigns.

- (c) **Payment.** Payments due shall be made on or before the first day of each month for which such rental relates and is due.
- (d) **Title.** Lessor warrants that on the date of the acceptance of the Equipment by Lessee, Lessor shall have good and marketable title to the Equipment, free and clear of all liens and encumbrances, excepting only the interests of Assignee under the Security Agreement and the interests of Lessee under the Lease Agreement.
- (e) **Substitution of Cars.** In the event that Lessor elects to replace any item of Equipment with Replacement Cars (as defined in the Lease Agreement), Lessor may do so only upon 30 days prior written notice to Assignee, and upon the condition that the Replacement Cars have a value and utility equal to or greater than the Withdrawn Cars or Casualty Cars (as each term is defined in the Lease Agreement); that the Replacement Cars become subject to the terms of the Lease Agreement for all purposes, and that Assignee shall have a perfected first lien security interest in the Replacement Cars on or before the time that the Replacement Cars are delivered to Lessee.
- (f) **Taxes and Insurance.** Lessee shall at all times maintain in effect all risk comprehensive property insurance on the Equipment in amounts equal to the greater of their original invoice price or replacement value, carried through insurance carriers having a Best Rating of not less than A-. All such policies shall insure the interest of Assignee as a lender loss payee, and shall not be canceled by the insurer or the insured, except upon 30 days prior written notice to Assignee. In the event that Lessee fails to maintain insurance as herein specified, Assignee may, at its option, provide such insurance and, in such event, Lessee shall upon demand, reimburse Assignee for the cost thereof.
- (g) **Indemnity.** For purposes of Section 13, Indemnity, the indemnification of Lessor by Lessee shall include Lessor and Assignee.
- (h) **Loss, etc.** Notwithstanding Section 15, Loss, etc., whenever Lessee is required to pay an amount equal to the Stipulated Loss Value due to the loss or destruction of an item of Equipment, Lessee shall make such payment within 45 days following the date of such event, whether or not Lessor has made demand therefore prior to such payment date. In any event, the amount payable by Lessee as the result of such loss, theft or destruction, will be sufficient to pay in full the proportional share of the indebtedness owing to Assignee in respect to the items of Equipment experiencing such loss. All money received by Assignee due to the occurrence of an event of loss shall be ratably applied to the remaining installments of the Loan.

- (i) Financial Information. So long as Assignee holds a security interest in the Lease Agreement, Lessee shall furnish to Assignee the following information at the times specified:

Lessee shall furnish to Assignee (i) as soon as available, but in any event within 90 days after the end of each fiscal year of Lessee, a copy of its consolidated statement of income and retained earnings for such year and consolidated balance sheet and changes in shareholder's equity and cash flows, as at the end of each such year, in each case setting forth in comparative form the corresponding figures for the preceding fiscal year, all in reasonable detail and certified by independent public accountants, (ii) as soon as available and in any event not later than forty-five (45) days after the end of each fiscal quarter of Lessee, a copy of its consolidated statement of income and retained earnings, balance sheet, changes in shareholder's equity and cash flows as at the end of such quarter, (iii) on or before April 1 in each year commencing with the year 1997, an accurate statement, as of the preceding fiscal year (a) showing the amount, description and car numbers of the items of Equipment then leased under the Lease Agreement, the amount, description and car numbers of all items of Equipment that may have suffered a casualty occurrence during the preceding fiscal year (or since the date of the Lease Agreement, in the case of the first such statement); and such other information regarding the condition and state of repair of the items of Equipment as Assignee may reasonably request, and (b) stating that, in the case of all items of Equipment repainted during the period covered by such statement, the markings required by Section 14 of the Lease Agreement shall have been preserved or replaced; (iv) copies of any approvals by or documents filed with the Interstate Commerce Commission or any other government agency or department in connection with the subleasing of the items of Equipment; and (v) such other information relating to the items of Equipment or the financial condition of Lessee as Assignee shall reasonably request.

- (j) Counterparts. The Lease Agreement may be executed by the parties in counterparts; however, a single counterpart will be identified as the "Secured Party Original", which shall be delivered to and retained by Assignee. No transfer of any interest in the Lease Agreement or the rents due or to become due thereunder, shall be effective without delivery to the assignee of the counterpart identified as the "Secured Party Original". Each counterpart of the Lease Agreement shall bear the notation of such restriction.

- (k) Additional Defaults. As further events of default under Section 17 of the Lease Agreement, at the option of Assignee, Assignee may declare Lessee to be in default under the Lease Agreement upon the happening of any of the following:

- (i) Lessee shall fail to pay any installment of basic rent within twenty (20) days after the due date for such payment; or shall fail to pay any other amounts due under the Lease Agreement within twenty (20) days following receipt of an invoice or written demand therefore;

- (ii) Lessee shall fail to perform any covenant, condition or agreement contained in this Notice;
 - (iii) Lessee shall fail to pay or to otherwise discharge any personal property tax, or a lien in respect to such tax, on any item of Equipment following the failure of Lessor to pay or discharge such tax in accordance with the term of the Service Agreement;
 - (iv) Any change, whether singly or in the aggregate, in the holders of a majority of the voting shares of capital stock of Lessee.
- (l) Paragraphs Second and Eleventh of Amendment No. 1 to the Lease set forth in the Consent to Assignment, dated as of November 20, 1992, by and among PNC, Lessor and Lessee are hereby deleted in their entirety.

IN WITNESS WHEREOF, the parties hereto have executed this Notice as of the day, month, and year first above written.

DIVERSIFIED LEASE FUNDING, INC.
(Lessor)

By _____
Name:
Title:

THE CARBIDE/GRAPHITE GROUP, INC.
(Lessee)

By _____
Name:
Title:

BOMBARDIER CAPITAL INC.
(Assignee)

By _____
Name:
Title:

By _____
Name:
Title:

The undersigned PNC Leasing Corp hereby acknowledges notice of the refinancing by Bombardier Capital Inc. and hereby confirms that subject to receipt of Federal or other immediately available funds in the amount specified in PNC Leasing Corp letter of June 18, 1996, PNC Leasing Corp will execute and deliver Surface Transportation Board and Uniform Commercial Code Termination statements terminating PNC Leasing Corp's interest in the Railcars and in the Lease Agreement and agrees to execute and deliver all other instruments, certificates and documents reasonably requested by Assignee in order to release the Collateral from the lien of the Security Agreement dated as of November 20, 1992 between PNC Leasing Corp and Lessor, as Debtor.

AGREED AND CONSENTED TO:

PNC LEASING CORP

By _____
Stephen M. Baron
Vice President

Sworn to and subscribed in my presence by _____ this _____ day
of _____, 1996. My Commission Expires _____.

Notary Public _____

assignment or granting of a security interest in this Lease Agreement or in the rents and other sums due hereunder shall be effective unless the assignee or transferee obtains possession of the copy of this Lease Agreement which has been identified as the "Secured Party Original".
Lease No. 1474

ORIGINAL

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is made and entered as of the 10th day of August, 1992 between Capital Services Group, Inc., ("CSG") and The Carbide/Graphite Group, Inc. (hereinafter called "Lessee").

RECITALS

Lessee desires to lease from CSG as lessor certain railroad cars, hereinafter specifically designated, all upon the rentals, terms and conditions set forth in this Lease.

AGREEMENT

It is Agreed:

1. Lease of Cars. CSG agrees to lease to Lessee and Lessee agrees to and does hereby lease from CSG the Cars (the term "Cars" and other terms used herein are defined in Paragraph 27 hereof) on the terms and conditions provided in the Rider executed by CSG and Lessee attached hereto and made a part hereof. The Cars covered by this Lease are those described pursuant to Paragraphs 2 and 3 hereof.

2. Delivery and Acceptance of Cars. Each of the Cars shall be subject to Lessee's inspection upon delivery to Lessee. Failure to report any defect in the Car within seven (7) days after delivery of the car shall constitute acceptance thereof by Lessee and shall be conclusive evidence of the fit and suitable condition thereof. Such acceptance shall be acknowledged by Lessee executing a written confirmation of delivery and acceptance.

3. Use and Possession. Throughout the continuance of this Lease so long as Lessee is not in default hereunder, Lessee shall be entitled to possession of each Car from the date the Lease becomes effective as to such Car and shall use such Car (a) on its own property or lines; or (b) upon the lines of any railroad or other person, firm or corporation in the usual interchange of traffic; provided, however, that Lessee agrees that the Cars shall at all times be used (i) in conformity with the Interchange Rules; (ii) in compliance with the terms and provisions of this Lease; (iii) in a careful and prudent manner, solely in the use, service and manner for which they were designed.

4. Term. The rental term for the Cars shall be listed in the Rider to this Lease. Rental term shall commence with the delivery and acceptance of the Cars.

5. Rental.

(a) The rent for the cars shall be the amount stated in the Rider.

(b) Any and all per diem and mileage allowed and paid by railroads on the Cars shall be for the account of Lessee.

6. Payment. Lessee shall make payment of all sums due hereunder to CSG in immediately available funds at the address provided in Paragraph 20 hereof, or at such other place as CSG may direct. The lease payments shall be made monthly in advance on or before the ____ day of each month for which such rental relates and is due.

7. Title. Lessee shall not by reason of this Lease or any action taken hereunder acquire or have any right or title in the Cars except the rights herein expressly granted to it as Lessee.

8. Repairs. All responsibility for Repair Work shall be borne by the Lessee at its sole cost except as may be otherwise agreed by the parties. Any such agreement shall be memorialized in a separate and distinct document of agreement (the "Service Agreement") which shall operate wholly independently of this Lease, which is to say, without limitation, no term, condition or provision, or breach thereof, of the Service Agreement shall affect or impair in any way the rights and obligations of the parties under this Lease. Lessee acknowledges and agrees that neither CSG nor its assignees shall have any responsibility or liability for Repair Work under this Lease.

9. Substitution of Cars. CSG may, at any time and from time to time, replace any Withdrawn Cars or Casualty Cars with Replacement Cars and such Replacement Cars shall be deemed to be subject to all terms and conditions of this Lease as if the same had been originally delivered to Lessee at the time and in the place of the Cars for which they are substituted. The parties shall execute amendments to this Lease and such other or further documents as may be required by either party hereto to evidence the withdrawal from and termination of this Lease with respect to Withdrawn Cars or Casualty Cars, or to include any Replacement Cars within the terms and provisions of this Lease and of any other document under which CSG has assigned its rights hereunder, as permitted in Paragraph 18 hereof.

10. No Abatement of Rent. Rental Payments on any Car shall not abate if such Car is out of service for Repair Work or for refurbishment nor on account of any other reason whatsoever. Lessee agrees that, upon receipt of written notice from CSG that the Lease has been assigned to such other party as is designated by CSG (the "Assignee"), it will pay to Assignee all monies due or to become due under the Lease without regard to any defense, claim (including but not limited to claims for structural defects in the Cars or for patent infringement), counterclaim, recoupment, setoff or right it may have against CSG whether arising under this Lease or any other transaction or otherwise and will not seek to recover any part of the same from Assignee, provided that Lessee shall not be obligated to make any payment or perform any obligation under the Lease in favor of Assignee if, when no default shall have occurred and be continuing, Assignee interferes with Lessee's right to quiet

enjoyment of the Cars. Lessee will not assert against said Assignee any defense, Claim (including by not limited to claims for structural defects in the Cars or for patent infringement), counterclaim, recoupment, setoff, or right to cancel or terminate the Lease which Lessee may have against CSG. Notwithstanding the foregoing, nothing herein shall be deemed to relieve CSG of any of its obligations to Lessee under the Lease.

11. Taxes and Insurance. Lessee shall pay all property taxes assessed or levied against the Cars. Lessee shall pay all taxes assessed or levied upon its interest as Lessee of Cars and all taxes in respect of the earnings including sales or use taxes imposed on the mileage charges and/or Car Hire revenues and other Lease rental and payments payable to CSG hereunder (other than income taxes of CSG upon rentals paid to it hereunder unless such tax is in substitution for or relieves Lessee of taxes it would be otherwise obligated to pay hereunder). Lessee will file all property or ad valorem tax returns. Lessee shall provide and maintain at its sole cost liability insurance coverage on all of the Cars as follows:

- (a) Insure or self-insure each Car leased hereunder against physical damage in an amount equal to the payment required to be made under Paragraph 15 in the event such Car becomes a Casualty Car;
- (b) Maintain and furnish CSG with evidence either of self insurance or comprehensive general liability insurance covering bodily injury and property damage claims in an amount not less than \$1 million single limit each accident. Such liability insurance shall name CSG as an additional insured with respect to this Lease only and shall provide coverage for Lessee's obligations under Paragraph 13 hereof.

Lessee will furnish such other party as is designated by CSG ("Assignee") with certificate(s) evidencing the insurance and/or self insurance described above, and shall designate and acknowledge Assignee as loss payee (with priority over CSG) to the extent of Assignee's interest in the Cars.

Lessee's obligation to maintain insurance with respect to each Car shall commence upon delivery to Lessee and shall continue until the lease term thereof terminates and, if such is required hereunder to be returned to CSG until such return. Lessee shall cooperate and, to the extent possible, cause others to cooperate with CSG and all companies providing any insurance to Lessee or CSG or both with respect to the Cars.

Notwithstanding the foregoing, the parties may agree under a separate and distinct document of agreement (the "Service Agreement"), concerning certain tax and insurance obligations of Lessee hereunder. The Service and Agreement shall operate wholly independently of the Lease, which is to say, without limitation, no term, condition or provision, or breach thereof, of the Service Agreement shall affect or impair in any way the rights and obligations of the parties under this Lease. Lessee acknowledges and agrees that neither CSG nor its assignees shall have any responsibility or liability for taxes and insurance under this Lease.

12. Liens. Lessee shall keep the Cars free from any and all encumbrances or liens in favor of anyone claiming by, through or under Lessee which may be a cloud upon or

otherwise affect CSG title, including, but not limited to, liens or encumbrances which arise out of any suit involving Lessee, or any act, omission or failure of Lessee to comply with the provisions of this Lease, and Lessee shall promptly discharge any such lien, encumbrance or legal process.

13. Indemnity. Lessee agrees to indemnify CSG and hold it harmless from any loss, expense or liability which CSG may suffer or incur from any charge, claim, proceeding, suit or other event which in any manner or from any cause arises in connection with the use, possession or operation of a Car while subject to this Lease, excepting only any such loss, expense or liability which arises from CSG's negligence. CSG agrees to indemnify Lessee and hold Lessee harmless from any loss, expense or liability which Lessee may suffer or incur from any charge, claim, proceeding, suite or other event which in any manner of from any cause arises in connection with the use, possession or operation of a Car while subject to this Lease to the extent attributable to the negligence or willful misconduct of CSG, excepting any such loss, expense or liability which arises from Lessee's negligence or willful misconduct, and excepting however any loss, liability, claim, damage or expense which accrues with respect to any of the cars for which a railroad or railroads have assumed full responsibility, including investigating and defending against any claim for damages. The indemnities herein contained shall survive the termination of this Lease.

14. Lettering - Inventory. Except for renewal and maintenance of lettering indicating the rights of CSG or any assignee of CSG or that the Car is leased to the Lessee or to a sublessee, no lettering or marking shall be place upon any of the Cars by Lessee except upon the written direction or consent of CSG. CSG may at its own cost and expense inspect the Cars from time to time wherever they may be, and Lessee shall upon request of CSG, but no more than once every year, furnish to CSG its certified inventory of all Cars then covered by this Lease.

15. Loss, Theft or Destruction of Cars. In the event any Car is lost, stolen destroyed or damaged beyond economic repair, Lessee shall, by notice, promptly and fully advise CSG of such occurrence. Except where CSG shall have received payment for such Casualty Car from a handling railroad or other party under and pursuant to the Interchange Rules in an amount not less than that amount set forth in the Stipulated Loss Schedule attached hereto and made a part hereof, Lessee shall, within 45 days after demand by CSG, promptly make payment to CSG in the same amount as is set forth in the Stipulated Loss Schedule and made a part hereof for the loss of such Cars, against which will be credited any payments received from a handling railroad or other party. This Lease shall terminate with respect to a Casualty Car on the date CSG shall receive notice of a casualty occurrence with respect thereto, and thereafter Lessee shall have no further liability to CSG hereunder with respect thereto excepting liabilities arising or existing under Paragraphs 2, 4, 5, 8, 11, 12, 13 and 17 hereof and the liability, if any, of Lessee to make payments pursuant to this Paragraph.

16. Return of Cars. Upon the expiration or upon the termination of this Lease with respect to any Car (other than pursuant to Paragraph 15 hereof), Lessee shall at its sole cost and expense forthwith surrender possession of such Car to CSG by delivering same to CSG at such car shop, storage or terminal facility as it may designate by notice to Lessee. Each Car so surrendered shall be in the same or as good condition, order and repair as when delivered

to Lessee, wear and tear from ordinary use and the passage of time excepted, and shall be in need of no repairs for which Lessee is liable under Paragraph 8. Until the delivery of possession to CSG pursuant to this Paragraph 16, Lessee shall continue to be liable for and shall pay rental at the rate being paid immediately prior to termination or expiration, and Lessee shall in addition make all other payments and keep all obligations and undertakings required of Lessee under any and all provision of this Lease as though such termination or expiration had not occurred.

17. Default. If Lessee shall fail to make any payment required hereunder within 20 days after invoice for same or shall default or fail for a period of 20 days after notice in the due observance or performance of any covenant, condition or agreement required to be observed or performed on its part hereunder, or if a proceeding shall have been commenced by or against Lessee under any bankruptcy laws, Federal or State, or for the appointment of a receiver, assignee or trustee of Lessee or its property, or if Lessee shall make a general assignment for the benefit of creditors, then and in any of said events CSG may at its election

(a) Terminate this Lease by written notice to such effect, and retake the Cars and thereafter recover as liquidated damages (and not as a penalty), it being acknowledged by the parties that actual damages are difficult or impossible to estimate and that the following is a reasonable pre-estimate of the probable loss, any and all costs and expenses of termination, retaking and reselling or re-leasing (including, without limitation, reasonable attorneys' fees) in addition to the present value (using a discount rate of ten percent (10%) of all rental for the unexpired balance of the Lease term unpaid as of said date of termination, reduced by the present value (using a discount rate of ten percent (10%) of the fair market rental value of the Cars for the unexpired balance of the Lease term as of said date (such fair market rental value to equal zero for any Car not returned by Lessee). CSG may sell the Cars at public or private sale, with or without notice, advertisement, or publication, as CSG may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle the Cars as CSG in its sole discretion may determine, all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto: or

(b) Without terminating the Lease, repossess the Cars, but in the event the Cars are delivered to CSG or are repossessed, CSG shall use reasonable efforts to relet the same or any part thereof to others upon a reasonable rental and such other terms as it may see fit. The proceeds of any such reletting shall first be applied to the expenses (including reasonable attorneys' fees) of retaking and reletting of the Cars and delivery to the new lessee and then to the payment of rent due under this Lease. Lessee shall pay any deficiency remaining due after so applying the proceeds as the same shall accrue. The election by CSG to relet the Cars and the acceptance of a new lessee shall not operate to release Lessee from liability for any existing or future default in any other covenant or promise herein contained.

The obligation to pay any deficiency or any sum or sums due and unpaid or any damages suffered by reason of Lessee's default hereunder shall survive the termination of the Lease and the retaking of the Cars. The remedies in this Lease shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies existing at law or in equity.

18. Sublease and Assignment. The right to assign this Lease by either party and the Lessee's right to sublease shall exist only as follows:

(a) Lessee shall have no right to sublease or loan any of the Cars without the prior written consent of CSG, which consent shall of be unreasonably withheld.

(b) All rights of CSG hereunder may be assigned, pledged, mortgaged, transferred or otherwise deposed of either in whole or in part without the consent of Lessee, provided CSG shall give Lessee 30 days advance written notice thereof. This Lease and Lessee's rights hereunder are and shall be subject and subordinate to any chattel mortgage, security agreement or equipment trust or other security instrument covering the Cars heretofore or hereafter created by CSG. If CSG shall have given written notice to Lessee stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by Lessee hereunder, Lessee shall thereafter make such payments to the designated assignee.

The making of an assignment or sublease by Lessee or any assignment by CSG shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or undertaking hereunder upon any such assignee or sublessee except as otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee.

19. Representations of Lessee. Lessee hereby represents and warrants that:

(a) Lessee is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, and has corporate power to and has taken all corporate action necessary validly to enter into this Lease and carry out its obligations hereunder;

(b) This Lease has been duly executed on behalf of Lessee and constitutes the legal, valid and binding obligation of Lessee, enforceable in accordance with its terms; and

(c) To Lessee's knowledge, no governmental, administrative or judicial authorization, permission, consent or approval is necessary on the part of Lessee in connection with this Lease or any action contemplated on its part hereunder.

20. Notice. Any notice required or permitted to be given pursuant to the terms of this Lease shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

CSG at: 3955 East Exposition, Suite 212
Denver, CO 80209

Lessee at: One Gateway Center, 19th Floor
Pittsburgh, PA 15222-1416

or at such other address as either party may from time to time designate by such notice in writing to the other.

21. Warranty - Representation.

(a) EXCEPT AS EXPRESSLY SET FORTH IN THIS LEASE, CSG MAKES NO WARRANTY OR REPRESENTATION OF ANY KIND, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING SPECIFICALLY BUT NOT EXCLUSIVELY, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR THE DESIGN WORKMANSHIP CONDITION OR QUALITY OF THE CARS OR PARTS THEREOF WHICH CARS HAVE BEEN ACCEPTED BY LESSEE HEREUNDER.

(b) IN NO EVENT AND UNDER NO CIRCUMSTANCES WILL CSG BE LIABLE TO LESSEE FOR ANY SPECIAL, COLLATERAL, EXEMPLARY, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE OR KIND WHATSOEVER IN CONNECTION WITH THE LEASE, USE, POSSESSION OR OPERATION OF THE CARS OR IN CONNECTION WITH CSG'S PERFORMANCE HEREUNDER OR THE BREACH OF ANY WARRANTY OR BREACH OF ANY OF THE PROVISIONS OF THIS AGREEMENT, OR ARISING BY REASON OF ANY IMPERFECTION OR DEFECT IN THE CARS EVEN IF ADVISED OF POSSIBILITY OF SUCH DAMAGES, REGARDLESS OF WHETHER BASED IN TORT OR IN CONTRACT.

(c) Lessee represents that all of the matters set forth in Paragraph 19(a) through and including (c) are true and correct as of the date of this Lease, and Lessee shall notify CSG in writing upon the occurrence of any event or the existence of any facts or circumstances which render or would render with the passage of time such matters not true and correct.

22. Governing Law - Writing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Colorado. The terms of this Lease and the rights and obligations of the parties hereto may be changed or terminated only by agreement in writing signed by the party against whom enforcement of such change or termination is sought.

23. Counterparts. This Lease may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which may be evidenced by any such signed counterpart.

24. Severability - Waiver. If any term or provision of this Lease or the application thereof to any persons or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law. Failure of CSG to exercise any rights hereunder shall not constitute a waiver of any such right upon the continuation or recurrence of the situation or contingency giving rise to such right.

25. **CSG's Agency Role.** It is understood and agreed between the parties that CSG in executing this Lease is acting as agent for the owners of the Cars and that all references herein to CSG shall be construed to bind only the owners of the Cars and not CSG as a principal.

26. **Past Due Payments.** Any nonpayment of rentals or other sums due hereunder, whether during the period within which default may be cured or for a longer period, and whether or not deemed a default or violation of this Lease, shall result in the obligation on the part of the Lessee to pay also an amount of interest equal to twelve percent (12%) per annum (or if such rate may not lawfully be charged, then the highest rate which may lawfully be charged) of such overdue sum for the period of time such sum is overdue and unpaid.

27. **Definitions.** For all purposes of this Lease the following terms shall have the following meaning:

(a) **"Cars"** -- railroad cars of the type, construction and such other description as is set forth in The Rider, attached hereto and made a part hereof.

(b) **"Interchange Rules"** -- all codes, rules, interpretation, laws and orders governing hire, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted as being applicable to the Cars, as adopted and in effect from time to time by the Association of American Railroads and any other organization, association, agency or governmental authority, including the Interstate Commerce Commission and the United States Department of Transportation, which may from time to time be responsible for or have authority to impose such codes, rules, interpretations, laws or orders.

(c) **"Repair Work"** -- all repairs, maintenance, modifications, additions or replacements required to keep and maintain the Cars in good working order and repair in accordance with and on the effective date of the requirements of all Interchange Rules.

(d) **"Withdrawn Cars"** -- Cars as to which this Lease has been terminated by CSG because deemed by CSG to be unsuitable or uneconomical for Repair Work.

(e) **"Casualty Cars"** -- Cars which are lost, stolen, destroyed or damaged beyond economic repair.

(f) **"Replacement Cars"** -- Cars of substantially similar description and specifications to that set forth in the Rider which are substituted for Withdrawn or Casualty Cars.

28. **Benefit.** Except as otherwise provided herein the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of the parties and (to the extent permitted in Paragraph 18 hereof) their successors and assigns. Without limiting the generality of the foregoing, the indemnities of the Lessee contained in Paragraph 13 hereof shall apply to and inure to the benefit of any assignee of CSG, and if such assignee is a trustee or secured party under an indenture under which evidence of indebtedness have been issued in connection with the financing of the Cars, then also to the benefit of any holder of such evidence of indebtedness.

29. Recording. Upon request by CSG, Lessee shall join in the execution of a memorandum or short form of this Lease for use in recordation under 49 U.S.C.A Section 11303 or such other recordation as CSG reasonably deems appropriate. Said memorandum or short form of lease may describe the parties, the Cars being leased and the term of this Lease, including any options to extend, and shall incorporate the Lease by reference.

CAPITAL SERVICES GROUP, INC.

BY:

TITLE:

DATE:

[Signature]
President
August 10, 1992

THE CARBIDE/GRAPHITE GROUP, INC.

BY:

TITLE:

DATE:

[Signature]
President
August 6, 1992

CAPITAL SERVICES GROUP, INC.
3955 East Exposition Avenue, Suite 212
Denver, Colorado 80222
Phone: (303) 744-6868

Rider No. 1

Rider to
Capital Services Group, Inc.
Rail Car Leasing Agreement No. 1474

Number of Cars:

Sixteen (16)

Description:

Sixteen (16) flat cars each with one hundred (100) ton trucks, frame tiedown assemblies with shock absorber corners, 48" bulkheads on both "a" and "b" ends, ratchets on side body of cars, placard holders, roller bearing wheels, 5/8" or heavier, chains, stenciled, light weight including portable product containers.

Car Numbers:

RS
10/8/92

DLFX

~~KAMX~~: 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316

Term:

Eighty-four (84) Months

Rental:

\$5,440.00 per month

Advance Payment:

\$5,440.00 to be applied to the 1st

Other Provisions:

Reporting Requirements:

Notwithstanding anything in this lease the Lessee is not required to meet reporting requirements of time for the above listed cars to obtain mileage credits.

Preventative Maintenance

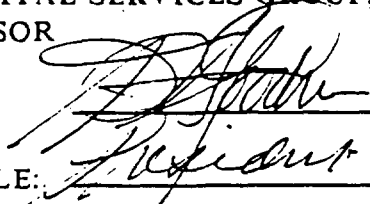
Inspection:

Lessor agrees to perform an inspection of the cars covered by this Rider, provided that Lessee directs the cars to Lessor's inspection point from a loaded movement.

CAPITAL SERVICES GROUP, INC.
LESSOR

BY:

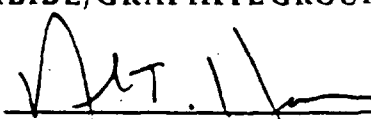
TITLE:


President

THE CARBIDE/GRAPHITE GROUP, INC.
LESSEE

BY:

TITLE: President



3955 East Exposition Avenue, Suite 212
Denver, Colorado 80222
Phone: (303) 744-6868

Rider No. 2

Rider to
Capital Services Group, Inc.
Rail Car Leasing Agreement No. 1474

Number of Cars: Twenty (20)

Description: Twenty (20) flat cars each with one hundred (100) ton trucks, frame tiedown assemblies with shock absorber corners, 48" bulkheads on both "a" and "b" ends, ratchets on side body of cars, placard holders, roller bearing wheels, 5/8" or heavier, chains, stenciled, light weight including portable product containers.

Car Numbers: DLFX- 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336

Term: Eighty-four (84) Months

Rental: \$6,400.00 per month

Advance Payment: \$6,400.00 to be applied to the 1st

Other Provisions:

Reporting Requirements: Notwithstanding anything in this lease the Lessee is not required to meet reporting requirements of time for the above listed cars to obtain mileage credits.

Preventative Maintenance

Inspection: Lessor agrees to perform an inspection of the cars covered by this Rider, provided that Lessee directs the cars to Lessor's inspection point from a loaded movement.

CAPITAL SERVICES GROUP, INC.
LESSOR

BY: 

TITLE: President

THE CARBIDE/GRAPHITE GROUP, INC.
LESSEE

BY: 

TITLE: President

In the event any car is totally damaged or destroyed Lessee shall pay to CSG any deficiency between the values per railcar assigned below and any insurance proceeds and/or payment under AAR rules received by Lessor.

After Payment Number	Value per Railcar	After Payment Number	Value per Railcar	After Payment Number	Value per Railcar
1	\$24,409	31	\$20,001	61	\$14,724
2	\$24,274	32	\$19,840	62	\$14,532
3	\$24,139	33	\$19,677	63	\$14,338
4	\$24,002	34	\$19,514	64	\$14,143
5	\$23,866	35	\$19,350	65	\$13,947
6	\$23,728	36	\$19,186	66	\$13,750
7	\$23,590	37	\$19,020	67	\$13,552
8	\$23,450	38	\$18,852	68	\$13,352
9	\$23,310	39	\$18,685	69	\$13,152
10	\$23,169	40	\$18,515	70	\$12,951
11	\$23,028	41	\$18,345	71	\$12,748
12	\$22,884	42	\$18,174	72	\$12,543
13	\$22,741	43	\$18,002	73	\$12,338
14	\$22,596	44	\$17,829	74	\$12,132
15	\$22,451	45	\$17,655	75	\$11,924
16	\$22,304	46	\$17,480	76	\$11,715
17	\$22,157	47	\$17,303	77	\$11,505
18	\$22,009	48	\$17,126	78	\$11,293
19	\$21,860	49	\$16,948	79	\$11,082
20	\$21,711	50	\$16,769	80	\$10,868
21	\$21,560	51	\$16,588	81	\$10,653
22	\$21,408	52	\$16,407	82	\$10,436
23	\$21,255	53	\$16,224	83	\$10,219
24	\$21,101	54	\$16,040	84	\$10,000
25	\$20,948	55	\$15,855		
26	\$20,792	56	\$15,669		
27	\$20,635	57	\$15,483		
28	\$20,478	58	\$15,294		
29	\$20,320	59	\$15,106		
30	\$20,161	60	\$14,916		

August 13, 1992

Changes for the Carbide Graphite Lease 1474:

Lease Amendments

1. Where Rider read Riders (optionally change each mention)
2. Paragraph 2: Delivery and acceptance of each car specified in the Riders
3. Paragraph 4:

Rental term for each Rider shall commence with the delivery and acceptance of the cars specified in the Rider. Such date shall be the base start date for each rider. Interim daily rents shall be paid to lessor from the date of delivery and acceptance of each car until the base start date of each rider. Such rent shall be calculated as the monthly rental rate specified in the rider divided by 30.

4. Paragraph 15: Add wording that payments under Stipulated Loss Schedule shall first be applied to debt provided by assignee.
5. Paragraph 25 is stricken
6. Riders 1 and 2 to Lease, replace "48" bulkheads with "52" bulkheads. Rider No.1 replace KAMX with DLEX. Rider No.2 add DLEX before car 317.

Service Agreement

1. Document as executed by Lessee is different than final draft sent to CGGI, 1st page was changed. Re-execute the complete document (changes on 1st page were not reflected in pages 2 - 3 earlier sent to lessee)
2. Paragraph 8b, 5th line "Paragraph 9 (a) hereof" shall read "Paragraph 8(a) hereof"
3. Paragraph 2 a(i) replace "of levied" with "per levied".
4. Paragraph 3 After "Sixty Dollars (\$60.00)" insert "per car".

ACKNOWLEDGMENT

STATE OF Colorado)
COUNTY OF Arapahoe) SS:

On this 10th day of August, 1992 before me personally appeared Kenneth H. Goodwin, to me personally known, whom, being by me duly sworn, says that he is the President of Capital Services Group, Inc. and that said instrument was signed on behalf of said corporation by authority of a resolution of its Board of Directors, and said President acknowledged to me that said corporation executed the same.

MY COMMISSION EXPIRES 1/14/93

Robin E. Thomas
Notary Public

MY COMMISSION EXPIRES:

ACKNOWLEDGMENT

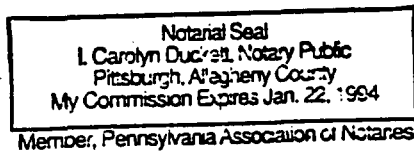
COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF ALLEGHENY) SS:

On this 6th day of August, 1992 before me personally appeared N. T. Kaiser, to me personally known, whom, being by me duly sworn, says that he is the President of The Carbide/Graphite Group, Inc. and that said instrument was signed on behalf of said corporation by authority of a resolution of its Board of Directors, and said President acknowledged to me that said corporation executed the same.

I. Carolyn Duckett
Notary Public

MY COMMISSION EXPIRES:

83094.1:11/12/92:



BILL OF SALE

Georgia Southern and Florida Railway Company, a Georgia corporation ("Seller") for valuable consideration paid by Diversified Lease Funding, Inc. ("Purchaser"), at or before the execution and delivery of these presents, the receipt and sufficiency of which are hereby acknowledged, does hereby grant, sell, transfer and set over unto the Purchaser, its successors and assigns, all its right, title and interest in the following units of used railroad equipment (the "Equipment"):

<u>Quantity</u>	<u>Description</u>	<u>Road Numbers</u>
10	100-ton 61 ft. Bulkhead Flat Cars	SOU 114451, 114461, 114475, 114470, 114485, 114476, 114489, 114453, 114464, 114459

TO HAVE AND TO HOLD the Equipment unto Purchaser, its successors and assigns, for its and their own use forever.

Seller hereby warrants to Purchaser that, as of the time of delivery of the Equipment to Purchaser, Seller had legal title to the Equipment and the right to sell the same.

THE EQUIPMENT IS BEING SOLD ON AN "AS IS, WHERE IS" BASIS AND WITH ALL FAULTS. EXCEPT AS SET FORTH HEREIN, THE SELLER MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS LIABILITY AND SHALL NOT BE LIABLE FOR LOST PROFITS OR FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR COMMERCIAL LOSSES OF ANY KIND.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed by its duly authorized officer, this _____ day of _____, 1992.

GEORGIA SOUTHERN AND FLORIDA
RAILWAY COMPANY

By: _____
Vice President

(SEAL)

Attest:

Assistant Corporate Secretary

BILL OF SALE

Norfolk Southern Railway Company ("Seller") for valuable consideration paid by Diversified Lease Funding, Inc.

("Purchaser"), at or before the execution and delivery of these presents, the receipt and sufficiency of which are hereby acknowledged, does hereby grant, sell, transfer and set over unto the Purchaser, its successors and assigns, all its right, title and interest in the following units of used railroad equipment (the "Equipment"):

<u>Quantity</u>	<u>Description</u>	<u>Road Numbers</u>
6	100-ton 61 ft. Bulkhead Flat Cars	SOU 114548, 114533, 114534, 114535, 114547, 114540

TO HAVE AND TO HOLD the Equipment unto Purchaser, its successors and assigns, for its and their own use forever.

Seller hereby warrants to Purchaser that, as of the time of delivery of the Equipment to Purchaser, Seller had legal title to the Equipment and the right to sell the same.

THE EQUIPMENT IS BEING SOLD ON AN "AS IS, WHERE IS" BASIS AND WITH ALL FAULTS. EXCEPT AS SET FORTH HEREIN, THE SELLER MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND EXPRESSLY DISCLAIMS LIABILITY AND SHALL NOT BE LIABLE FOR LOST PROFITS OR FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR COMMERCIAL LOSSES OF ANY KIND.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed by its duly authorized officer, this ____ day of _____, 1992.

NORFOLK SOUTHERN RAILWAY COMPANY

By: _____
Vice President

(SEAL)

Attest:

Assistant Corporate Secretary